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NEWS SUMMARY

GENERAL

Doctors warned on embryo tests

Doctors have been advised by the British Medical Association not to co-operate with test tube baby pioneer Dr Robert Edwards in experiments with human embryos.

The BMA wants the ethical problems concerning these experiments resolved, although it said it was happy with test tube baby procedures.

Dr Edwards insisted his work was ethically acceptable but the BMA said it was up to government working parties to weigh the advantages against the risks of genetic engineering.

Troops move in

French and Italian troops moved into Palestinian refugee camps in south-east Beirut as Israeli forces withdrew from much of the Moslem part of the city. Page 3

U.S. ban defied

West German industry plans to defy the U.S. ban on equipment for the Siberian gas pipeline by shipping compressor stations this week. Gas supply security, Back Page

Escaper weds

Broadmoor escaper Alan Reeve, arrested after a gun battle in Amsterdam in which a policeman was killed, married Patricia Ford in Utrecht.

Spy scare

Six Soviet trucks started a spy scare in Sweden when they were seen near troop manoeuvres. Police found the trucks empty except for powerful radio equipment, said Swedish newspapers.

Appeal rejected

Colonel "Mad Mike" Hoare and five other mercenaries, jailed in South Africa after hijacking a jet after an abortive coup in the Seychelles, had a petition to appeal against conviction and sentence rejected.

Vatican move

Archbishop Paul Marcinkus, Vatican finance chief and a key figure in the Banco Ambrosiano affair, has been replaced as co-ordinator for the forthcoming Papal visit to Spain. Page 2

Blast kills soldier

Corporal Leon Anthony Bush, 22, from Nottingham, was killed in a booby trap bomb blast in Belfast. The Irish National Liberation Army claimed responsibility.

Plague deaths fall

Cases of bubonic plague fell to an all-time low last year with 24 deaths, said the World Health Organisation. In 1980, the disease killed 56.

Gales strike

Freak gales, with gusts up to 75 mph, caused damage from the West Country to Scotland. In Conwy, North Wales, winds wrecked 30 caravans. Weather, Back Page

Jailing probe

Birmingham Social Services are to probe why widower Leonard Curtin, 75, was jailed for a rates debt. The man was freed after a charity paid the bill.

Briefly . . .

Special centre for the unemployed opened in Nottingham.

Imprisoned Soviet dissident Anatoly Shcharansky started a hunger strike in protest at confiscation of his mail.

Youths rioted in Basque towns after a suspected guerrilla was killed in a gun battle, said Spanish police.

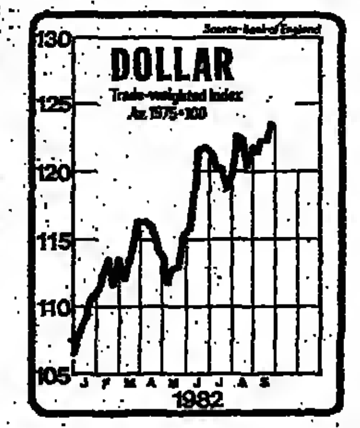
Death toll in Guatemala flooding rose to 615.

BUSINESS

Gold falls $11.7 in U.S.; gilts rise

● GOLD fell $15.5 to $412.5 in London. In New York, the Comex September close was $404.6 ($416.3). Page 31

● DOLLAR rose to record levels, with demand reflecting political uncertainties in West Germany. It reached DM 2.536 (DM 2.5145), SwFr 2.1755 (SwFr 2.1645), both the highest since August last year, FFr 7.1695 (FFr 7.095), a record, and Y269.075 (Y266.35), a five-year high. Its trade weighted index was 123.5 (123.1). Page 34



● STERLING fell 1.05 cents to $1.6975. It rose to DM 4.305 (DM 4.295) and SwFr 12.17 (SwFr 12.1175) but eased to SwFr 3.6925 (SwFr 3.695). Its trade weighted index was 91.9 (91.8). Page 34

● GILTS resumed their advance. The Government Securities index added 0.32 to 78.12. Page 33

● EQUITIES recovered from a cautious start. The FT 30-share index lost 1.1 to 580.5. Page 33

● WALL STREET was down 3.77 to 915.75 near the close. Page 32

● EEC ANNUAL INFLATION rate fell to 10.7 per cent last month, against 11 per cent in July, the lowest for three years.

● YUGOSLAVIA has asked leading Western central banks for a $500m (£294.55m) credit to be provided through the Bank for International Settlements. Back Page

● TEXTILE import negotiations between the EEC and its main Third World suppliers are on the verge of collapse. Page 5

● BRITISH AIRWAYS is to make a £70m provision in its 1981-82 accounts for redundancies in the current financial year, Sir John King, part-time chairman, said. Page 6

● JAPAN will increase its investment in oil exploration in China's Bohai Gulf by $400m (£235.64m), Japanese Premier Zenko Suzuki said in Peking. Page 3

● BURNETT and Hallamshire said it had proved the existence of at least 100m tonnes of lignite at Crumlin, on the east shores of Lough Neagh, Northern Ireland. Back Page

● LIFE OFFICES Association and the Associated Scottish Life Offices are about to abandon their commissions agreement. Page 7

● VOLKSWAGEN is expected to sign in Madrid this week a deal by which Seat, the Spanish group, will make 100,000 Derby/Polo and Passat models a year. Volkswagen of America chief executive resigns, Back Page

● UNION EXPLOSIVOS Rio Tinto, largest stock market-listed company in Spain, is seeking extension of its debt repayment periods. Page 28

● FOSECO MINSEP, specialised products and technical services group, reported pre-tax profits down from £11.39m to £9.32m for the six months to June 30. Page 24; Lex, Back Page

CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISES:

Treas. 12½pc 1986 Conv.	£109⅜	+ ⅜
Exch. 15pc 1997	£122⅜	+ ⅜
Aitken Hume	202	+ 7
BAT Inds.	569	+ 19
Beecham	345	+ 8
Bilton (P.)	190	+ 6
Bridon	40	+ 4
Cable & Wireless	335	+ 7
Glaxo	815	+ 6
Gresham Invests.	110	+ 5
Link House	270	+ 37
Planet Group	30	+ 4
Polly Peck	547	+ 17
Sketchley	330	+ 8
Stead & Simpson A	67	+ 5

FALLS:

Foseco Minsep	147	− 20
Grindlays	160	− 10
Hawker Siddeley	338	− 22
H.K. Land	53	− 8
Hutchison Whampoa	110	− 6
Jardine Matheson	148	− 15
Lloyds Bank	382	− 18
Manson Finance	30	− 7
Midland Bank	290	− 10
Nimslo	130	− 16
Parker-Knoll A	143	− 5
Pilkington Bros.	170	− 10
Standard Chartered	355	− 10
Thorn EMI	380	− 7
De Beers Defd.	252	− 16
East Rand Prop.	793	− 56
Gold Mines Kal.	290	− 30
Hartebeest	£30¼	− 1¼
Marievale	188	− 14
Minorco	440	− 17
Peko-Wallsend	283	− 9

Conference endorses Foot plan to expel Militant Tendency

BY PETER RIDDELL AND JOHN LLOYD

LABOUR PARTY leaders were claiming last night to have won sufficiently strong backing from the annual conference in Blackpool to rid the party of the leaders of the Trotskyite Militant Tendency.

This follows the conference decision by a majority of three to one to establish a register of approved political groups which would exclude Militant.

The leaders of Militant immediately said they would launch a campaign among constituency delegates and trade unions to reverse the decision. They would not change their operations or leave the Labour Party.

There is therefore the certainty of bitter disputes during the coming months about the expulsions and, in particular, about the eight parliamentary candidates who support Militant.

Signs last night were that while the leaders of the far left would protest against the conference decision they would not concentrate their efforts on a specific campaign on behalf of Militant.

The precise way in which the decision will be implemented was left unclear in yesterday's debate. Action will be concentrated on the inner organising group of Militant rather than its supporters generally, but it is still uncertain whether this will cover all its paid organisers or parliamentary candidates, as the leaders of Labour's Solidarity Campaign believe was implied by the vote.

Implementation will be determined by the new Labour Executive Committee whose election will be announced this morning. The signs are that there will be little overall shift in the political balance which narrowly favours Mr Michael Foot, Labour leader, and his supporters. There may be some changes which partially cancel each other out.

The key vote on Militant in favour of the national executive's proposal to establish a register was carried by 5.17m to 1.56m. On other related votes the opponents had a maximum vote of 1.85m.

The total votes against the leadership were somewhat higher than expected yesterday morning as a result of the opposition of Nupe, which joined Sogat 1982, Ucatt and the Tass section of the engineers.

It was clear from the vote and the debate that many if not the majority of constituency representatives were against the proposals. They gave a mixed reception to Mr Foot.

This reflect the major shift to the left within constituencies in the last few years. It is far more significant for the balance of the party than the Militant controversy.

The debate was charged with references to McCarthyite witch hunts and getting rid of aliens.

Mr Jim Mortimer, in a highly effective first speech as general secretary, stressed that the action was because Militant had breached the rules of the Labour constitution. It was not on ideological grounds.

Similarly Mr Foot, in a brief winding-up speech, stressed that the argument was not about suppressing ideas but how to ensure that Labour prevented sectarian fragmentation and preserved its constitution. He

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Conference reports, Page 10; health dispute to widen, Back Page

$ hits new high on money markets

By Our Foreign and Financial Staff

THE BANK OF ENGLAND cut its money market intervention rates for the first time in a month yesterday prompting renewed hopes of a cut in bank base rates. The Bank acted as the U.S. dollar soared to new peaks on the world's foreign exchange markets, spurred on by uncertainties over the political problems in West Germany and over the future of Hong Kong.

Sharp falls in shares on the Frankfurt and Hong Kong stock markets were mirrored by a significant weakening in rates on the foreign exchange markets. The D-Mark sank in London to close at its lowest level against the U.S. dollar for over a year at DM 2.5360, the Hong Kong dollar reached a near record low of HK$6.2 against the U.S. currency.

The dollar also strengthened significantly against the Japanese yen, reaching a new five-year peak of Y269.075, in London against Friday's Y266.35. It closed at a record FFr 7.1695 compared with FFr 7.095 against the French currency.

Aside from political uncertainties, which contributed to an inflow into dollars at the expense of other currencies, foreign exchange losses reported at the Singapore branch of a Japanese bank are also cited as a reason for the currency's weakness.

The Bank of England's decision to cut its money market intervention rates by ¼ of a per cent and trim another ⅛ of a percentage point off the rate at which it carried out its repurchase operations (which supply short-term funds) in the money markets yesterday, raised hopes that UK bank base rates will soon be cut by another half percentage point.

Several analysts believe UK interest rates could move into single figures before the year end for the first time since the spring of 1978. The rate of inflation is falling faster than expected and sterling, despite dropping 1.05 cents from Friday to close in London at $1.6975 yesterday, is still firm against other currencies.

Recently, the Bank has taken the lead in cutting intervention rates for a few days prior to base rate cuts. The banks cut base rates by half a percentage point to 10.5 per cent at the end of last month following several days when the Bank cut its rates by ¼ of a per cent per day.

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W. German share prices fall as opposition rallies

BY JAMES BUCHAN IN BONN AND STEWART FLEMING IN FRANKFURT

WEST GERMANY'S opposition parties yesterday put a brave face on the disastrous result for them of the state election in Hesse on Sunday and said they stood by their plan to try to unseat Chancellor Helmut Schmidt in the federal parliament on Friday.

Their optimism was not, however, reflected on the Frankfurt Stock Exchange, where one leading index suffered its heaviest one-day fall post-war.

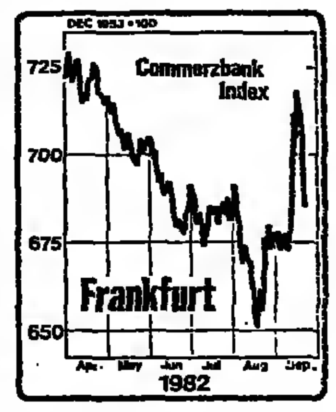
West German share prices tend not to be volatile, although they had a recent fillip by the prospect of the conservative parties taking power.

Yesterday, however, even blue chip issues were hit. Stocks such as Daimler Benz and Siemens both lost more than DM 10 (£3.97). Deutsche Bank lost DM 6, and Preussag DM 6.9.

The Commerzbank index, one of the most widely-followed indices in Germany slumped 25.2 points, to 684.9 from 710.10. The previous biggest one-day decline in the index occurred in February, 1973, when it fell 22 points.

Bond market prices also fell, with the average yield on Government issues rising to 8.57 per cent from 8.49 per cent. The D-mark came under pressure against the dollar, closing in Frankfurt at 2.5320.

Traders said that the main reason for the nervousness on the financial markets was the astonishing and, for them, worrying outcome of the Hesse election. "Investors are scared that a general election could lead to a hung (federal) Parliament and the Green (party) holding the balance," one trader at a leading bank remarked.



The opposition Christian Democrats—whose leader, Dr Helmut Kohl, hopes to become Chancellor—said yesterday that their plan was still to call a vote of no-confidence in Herr Schmidt on Friday in the federal parliament and to hold a general election on March 6.

This was despite the Christian Democrats' failure to gain an absolute majority in Hesse and the inability of the centre Free Democrat Party, whose support would be needed for the no-confidence motion in Bonn, to win any seats in the Hesse State legislature.

Herr Hans Dietrich Genscher, the Free Democrat leader, also declared last night that the motion would go ahead.

The Free Democrats would have to deliver at least 23 of their 53 votes in support of the no-confidence motion for it to succeed in the federal parliament. But the party has been sharply divided over the course

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Italy and Algeria agree on price for natural gas

BY JAMES BUXTON IN ROME

THE ITALIAN Government yesterday signed an agreement with Algeria under which it will pay above the market price for natural gas to be delivered by the trans-Mediterranean pipeline.

At the same time, Algeria has agreed to place contracts with Italian companies, the value of which are undisclosed. This element of the transaction means that some L1.5 trillion (£630m) worth of trade contracts held in abeyance for the 18 months of negotiations on the gas price, now will be unblocked.

The pipeline, completed two years ago, will go on stream in November.

After three days of intensive negotiations in Rome the Italian and Algerian Governments reached a price formula which will entail a government subsidy to Snam, the gas subsidiary of ENI, the state energy company.

But the agreement is better for Italy than the original Algerian demand after it unilaterally renounced a 1977 agreement on the pipeline.

Under the agreement Italy will pay an initial price of $4.41 (£2.59) per million British thermal units (BTU) of gas at July 1, 1982 prices. The price is indexed to a basket of crude oil prices and the agreement, though covering the supply of gas for 25 years, will be reviewed every three years.

The Italian Government, which last April took over negotiations from Snam, will pay Snam the difference between the price paid to Algeria and the price which Snam believes it is economic to charge for the gas. The gas will initially be used in Sicily and on the Southern Italian mainland. The difference will be based on the cost of competing fuels.

The price of $4.41 per million BTU at the Algerian-Tunisian border on July 1 1982 is close to that of $4.44 agreed recently by the Belgian concern Distrigas after Algeria asked for an increase. It is, however, less than the $5.12 per million BTU which France agreed earlier this year to pay Algeria in a deal much criticised in France.

In that case, however, the gas was liquefied, involving

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Probe into international gas supplies, Back Page

French confident on franc

BY DAVID HOUSEGO IN PARIS

THE FRENCH Government yesterday ruled out any strengthening of exchange controls in support of the franc.

The announcement by the Ministry of Finance was seen by foreign exchange dealers as reflecting the Government's increased confidence that it could defend the currency in the face of the weakening of the D-mark after the Hesse elections.

Last Friday an early announcement had been expected of measures that would have accelerated foreign currency payments of exports and slowed down import payments.

Officials said yesterday that there were no plans to force exporters to invoice in foreign exchange—a move which would add to foreign currency inflows because exporters are required to convert their foreign exchange proceeds within 14 days of shipment.

They also ruled out the other expected change in the exchange control system under which importers would have been required to borrow their foreign currency requirements.

Officials added that the Government had no plans for a two-tier exchange system involving a commercial and a financial franc or an import deposit scheme. Both measures are believed to have been under study in recent weeks.

French cabinet set to complete review, Page 2

Lloyd's 'names' threaten action

BY JOHN MOORE, CITY CORRESPONDENT

ALEXANDER & ALEXANDER Services of the U.S., the world's second largest insurance broker, faces a wave of legal action following its moves to recover $55m (£32m) of allegedly misappropriated funds within its British subsidiary, Alexander Howden Group.

Hundreds of Lloyd's of London underwriting members, whose affairs are managed by Alexander Howden Group's underwriting agency company, contacted their lawyers yesterday in an effort to protect their financial interests.

They fear that funds owed to their underwriting syndicates, the units into which they are grouped by Howden for trading purposes, will not be paid to the syndicate from Howden's insurance companies.

Howden, acting as a broker, had arranged extensive reinsurance cover for the syndicate with its own insurance companies.

The two main syndicates under Howden's management—syndicate number 127 and a sister syndicate 126—are the largest Lloyd's syndicates, with a total of 3,800 members.

Now large numbers of the syndicate have alerted their lawyers seeking an assurance from Alexander and Alexander that any reinsurance claims against the main Howden insurance company, Sphere Drake, will not be waived or compromised.

Alexander and Alexander has been given until midday today in London to provide satisfactory assurances. The members intend to apply to the courts for an injunction unless assurances are received.

The developments yesterday follow fears that Alexander and Alexander had asked Mr Ian Posgate, the group's star underwriter who was sacked last week, to waive claims to $20m and £7m in roll-over funds established for the syndicate by Howden with Sphere Drake.

Sphere Drake has a deficiency of up to $25m and the members are concerned that funds which are owed to the syndicate might be used to contain the deficiency.

The roll over funds were established out of syndicate funds to smooth out the effects of bad underwriting years in the syndicate, by using cash, if necessary, from the funds when heavy insurance claims arose.

About 100 representatives from underwriting agencies, who have introduced members of Lloyd's to Howden syndicates, are to meet Mr John Bogardus, Alexander and Alexander's chairman, tonight. They are to meet at Howden's London headquarters to receive an explanation for the dismissal of Mr Posgate.

In other moves in London yesterday, Alexander and Alexander said it had taken steps to gain effective control of the share capital of Banque du Rhone et de la Tamise. It has been alleged in litigation in the UK that Mr Kenneth Grob, the former chairman of Howden, Mr Allan Page, Mr Ronald Comery, Mr Jack Carpenter, also former executives of Howden, and Mr Posgate, were members of a syndicate which bought the controlling interest in the bank from Howden over the last three years.

It has been alleged that the shares were acquired with money from secretly controlled companies and that the five executives' participation in the purchase, as part of the syndicate, had not been disclosed to other Howden board members.

Alexander and Alexander has said it has received a pledge of a substantial percentage of the shares from the five former executives.

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For latest Share Index phone 01-246 8026

EUROPEAN NEWS

French Cabinet set to complete social security review

BY DAVID HOUSEGO IN PARIS

THE PAINFUL review of social security expenditure that has been taking place in France comes to a head tomorrow at the weekly Cabinet meeting, when final decisions are due to be taken on raising some FFr 30bn (£2.5bn) of revenues for next year.

The Government has preferred to raise additional levies to finance the estimated FFr 30bn deficit for 1983 in the independently - managed social security fund rather than make major cuts in welfare benefits. Social security benefits cover health, retirement and family allowances.

In overall economic terms, the importance of the measures is to demonstrate the Government's seriousness in bringing budget deficits under control as part of its anti-inflationary policy.

At the same time, it has put pressure on unions and employers to find savings in the unemployment benefit fund, which between now and the end of 1983 was expected to run up a deficit of FFr 37bn.

Both the funding of the social security expenditures and of the unemployment benefit fund are separate from the state's own budget.

Measures expected to be announced on Wednesday include the raising of new levies on tobacco and alcohol. As distinct from taxes, these would be used directly to finance social security spending.

Hospital patients will also be asked for the first time to pay a nightly contribution to their stay in hospital—a so-called "hotel" charge. New taxes are likely to be announced on the publicity of pharmaceutical companies.

Also, as part of its attempt to raise new resources, the government will be imposing social security contributions on those who have retired early.

The measures are inevitably unwelcome to the unions and the Socialist party, but largely accepted as necessary. The Government has declared that it will not raise industry's social security contributions until at least the middle of next year, so as not to add to industry's costs.

The measures bear the mark of M Pierre Beregovoy, Minister of Social Security, who was brought in by President François Mitterrand in the summer to bring social security expenditure under control.

James Buchan, in Bonn, assesses the dizzying implications for federal politics of the Hesse poll result

Dejected Genscher faces revolt from the party left

"TREACHERY does not pay" was the banner headline in a West German regional newspaper yesterday as the country woke to the defeat suffered by Herr Hans Dietrich Genscher's Free Democrat Party (FDP) in the Hesse state election on Sunday.

Commentators pounced on the tiny FDP, noting that it had turfed out of the state parliament in Wiesbaden where it had governed for 12 years with the Social Democrats (SPD), lost half its support and put its survival as a political force in question, all for an "historical error."

Also seized on was Herr Genscher's decision to pull his ministers out of national coalition with Chancellor Helmut Schmidt's SPD on September 17 and the decision to seek a new home in a government formed with the conservative opposition.

Yet the will of the 4m Hessians was never a foregone conclusion.

Nobody expected either that the SPD, for whom the direst predictions had been made, would slip only half a point, or that the Christian Democrats (CDU), so far from achieving an absolute majority, would fall back slightly from the 46 per cent of the vote they achieved in 1978. Only the Greens, the party of environmentalists, disarmers and radicals, performed as expected, gaining seats in the Hesse Parliament for the first time.

Herr Ekkehard Gries, the FDP leader in Hesse, was quick to blame the unprecedented "emotionalism" of the contest, a dig at the SPD which had plastered the walls of the state with stickers calling for votes to save Herr Schmidt from "the traitors."

To an election which reflected national trends and looked to events in Bonn as perhaps never before, this was probably crucial. The implications for federal politics, and for moves by the conservatives to unseat the Chancellor in a vote of no confidence on Friday, are dizzying.

It is as if Herr Schmidt, who seemed last week to be without an honour in his hand, had suddenly discovered two jacks. Certainly the coalition of force building up against him last week—Dr Helmut Kohl's CDU, Herr Franz Josef Strauss's right-wing Bavarian equivalent, the Christian Social Union (CSU) and the FDP—has suddenly lost momentum.

With the FDP's involvement in power now reduced to a single coalition with the CDU in the Saarland, and in Hesse revealing its lowest popularity ever, there have been strong hints, not least from Herr Strauss, that the Liberals can be dispensed with.

Herr Genscher also faces little short of a revolt from the Left of his party who remain loyal to the old order and accuse him of high-handedness. In Hesse, there seems to have been an active FDP underground against both Herr Gries and alliance with the CDU.

Dr Kohl and Herr Genscher, who looked even greyer than usual, insisted on Sunday night that they would go ahead with the no-confidence vote. But there must be doubt whether the FDP leader can produce the necessary 23 votes from his party against the Chancellor. There are said to be second thoughts even among the 33 FDP members who have previously spoken up for supporting alliance with the CDU-CSU.

Herr Schmidt is said by his associates to have been much less ready to write his government off, even last week, than his party—which did not even trouble to install special television monitors in its Bonn headquarters on Sunday night.

His immediate response on Sunday was to say that the Hesse result showed that "there was no democratic or moral justification for a change in government."

He called for immediate new elections just as Herr Strauss, who seems equally bent on destroying the FDP and embarrassing Dr Kohl, did last Monday.

The scope for the SPD and Herr Schmidt is still little more than a glimmer. Even if, with the unlooked-for assistance from the Bavarian, new elections are held, the SPD could not hope to improve on its Hesse showing and must look for a partner

Hans-Dietrich Genscher: the look of defeat

Community regional aid for job creation falls

BY JOHN WYLES IN BRUSSELS

THE PROPORTION of the European Community's regional aid devoted to job-creating investment in industry and services slumped to 12 per cent of the total last year under the impact of growing economic recession.

The rest of the aid was committed to infrastructure projects, mostly in the transport and water supply sectors.

As a result, the European Commission has only been able to claim that fewer than 60,000 jobs were created with EEC help last year, compared to an annual average of over 65,000 between 1975 and 1981.

These statistics, revealed in the Commission's annual report on the European Regional Development Fund*, will fuel the debate raging for more than a year over how the Community can maximise the job-creating potential of its regional spending.

Last year's disappointing impact on employment did nothing to reflect the fact that funds available for commitment had been increased by 32 per cent to £880m.

Some 95 per cent of this is distributed on a quota basis among member-states. The Commission sees this approach to regional aid as increasingly inadequate.

However, proposals for concentrating 80 per cent of all funds on Italy, Greece, Ireland and the UK have run into strong opposition from member-states who stand to lose by it.

Belgium has only to claim 9.8 per cent of its quota allocation. France recorded a relatively low allocation of 65.3 per cent, while the Netherlands covered 72.8 per cent and the UK 93 per cent.

* *Seventh Annual Report (1981) on the European Regional Development Fund. CDM (82) 586.*

Luxembourg announces £320m steel investment

LUXEMBOURG — The Luxembourg Government, trade unions and Arbed, the country's largest steel corporation, have agreed on a steel industry modernisation plan requiring major public subsidies.

M Pierre Werner, the Prime Minister, told a news conference on Saturday that the programme meant investing $550m (£320m) in Arbed over the next five years.

The Government would send details of the programme to the EEC Commission for approval this week, he said.

The Commission is co-ordinating a restructuring programme of the EEC's steel industry under which all Government subsidies have to be tied to cuts in capacity which are designed to ensure viability by 1985. The commission plans to phase out subsidies by the same date.

M Werner said the programme would reduce Arbed's production to 4.5m tonnes a year from 5.4m in 1979.

The Luxembourg Government would give financial aid equivalent to 25 per cent of the total investments but did not intend to become a shareholder in Arbed, he said.

Reuter

Norwegian plans to ease power prices

BY FAY GJESTER IN OSLO

GOVERNMENT proposals to ease electricity price and supply conditions for Norway's power-intensive industries will be announced soon—possibly this week.

The Ministry of Energy called a Press conference on Friday to explain the measures, but it was cancelled at the last minute—apparently because of a disagreement within the Cabinet about one detail.

The proposals, which will have to be approved by the Storting (Parliament), concern only supplies from the state's power plants. Several companies in the power-intensive sector get all or part of their electricity from privately owned hydro plants.

The Government is resigned to the fact that the concessions, which it regards as considerable, will be labelled as inadequate by the big power users in the metal smelting and forest products industries.

Mr Terje Osmundsen, the Prime Minister's private secretary, said last weekend that these industries would greet the measures with "powerful protests and formidable lobbying."

Inflation rate in EEC falls to 10.7%

THE ANNUAL inflation rate in the European Community was 10.7 per cent in August, down from 11 per cent in July and the lowest for three years the Community Statistics Office said, Reuter reports from Luxembourg.

Retail prices rose by 0.5 per cent in August, compared with 1 per cent in August 1981 when year-on-year inflation was 12.7 per cent.

In the first eight months of this year, inflation was 6.5 per cent compared with 8.5 per cent in the same period of 1981.

The statistics office said the main reason for this was sharp falls in inflation in Britain, to 4.6 per cent from 8.6 per cent in the same period of 1981, and in France, to 6.7 per cent from 9.7 per cent.

Italian output up

Italian industrial output, seasonally adjusted, rose a provisional 3 per cent in July after a 4.2 per cent June decline, the National Statistics Institute, Istat, said, Reuter reports from Rome. Year-on-year, Istat's seasonally-adjusted production index showed a 4.6 per cent decline in July after a 4 per cent fall in the year to June.

Washington visit

Sig Giovanni Spadolini, the Italian Prime Minister, will pay an official visit to Washington on November 3 and 4, a White House spokesman said yesterday, Reuter reports from Washington. Sig Spadolini will hold talks with President Reagan and will also meet Mr George Shultz, Secretary of State, and other senior officials.

Trade deficit widens

Spain's foreign trade deficit widened to Pta 687,920m (£2.7bn) in the first six months of this year, up by 2.2 per cent from Pta 594,979m in the same period of 1981, the Directorate General of Customs said, AP reports from Madrid. Imports in the January-June period amounted to Pta 1.67bn and exports were Pta 1.1bn, with an increase of 16.4 and 26.4 per cent respectively.

Greece criticised

The Soviet Communist Party newspaper Pravda yesterday criticised Greece for participating in Nato exercises in the eastern Mediterranean, AP reports from Moscow. Quoting unnamed "local observers," Pravda said Greek participation in the Nato manoeuvres was viewed as "a possible result of pressure from the U.S. and Nato."

Moscow hunger strike

Anatoly Shcharansky, the imprisoned Jewish activist, began an indefinite hunger strike on Sunday, the start of Yom Kippur, his mother said yesterday, AP reports from Moscow. Mrs Ida Milgrom said her 34-year-old son was protesting at prison officials' confiscation of letters he tried to send to relatives for the last 10 months.

UK launches 'hearts and minds' campaign in EEC

BY JOHN WYLES IN BRUSSELS

MR FRANCIS PYM is said to have been an exhausted and very disillusioned British Foreign Secretary when, in the early hours of May 25, he accepted another short-term deal limiting Britain's payments to the EEC budget. He had not been prepared for the extreme cynicism displayed by other Community foreign ministers during the weeks of deadlocked negotiation.

With another round of budget negotiations only three or four weeks away, it is all the more intriguing that Mr Pym is not, for the moment, countering cynicism with cynicism. He has opted instead for a campaign of public speeches and private diplomacy designed to convince the rest of the Community of Britain's unshakeable commitment to the development of the EEC.

The Whitehall briefing machine is tugging at journalists' sleeves to draw attention to a new British style as far distant as possible from Mrs Thatcher's table-thumping "I want my money back" which sent such a shiver of outrage through the Dublin summit of December 1979. Co-ordinated by the Cabinet's Europe sub-committee a battalion of Ministers is being despatched to "think aloud" about what more the Community could be doing in policy areas, not just to the advantage of Britain, but to the advantage of all.

Mr Pym launched the grand themes of the campaign in a speech in Copenhagen earlier this month; Mr Douglas Hurd, his deputy, fleshed them out in a lecture in Brussels last week. Those billed to utter in the future include Mr Kenneth Baker (Minister for Industry, who will speak about information technology in Paris), Mr

Foreign Secretary Francis Pym and his Minister of State Douglas Hurd (right) replace budget-table thumping with soft words.

Nigel Lawson (Energy), Mr Michael Heseltine (Environment Minister, who will call for an EEC attack on urban decay), Mr James Prior (who will look at regional policy), Mr Norman Tebbit (on how the EEC can deal with youth unemployment), and possibly Sir Geoffrey Howe, the Chancellor.

It is tempting to conclude that this exercise hints at a sense of bankruptcy about Britain's EEC diplomacy. Certainly Mr Pym and Mr Hurd have concluded that Britain's partners believe that the UK's only interest in the Community is a purely budgetary one, despite the efforts made to put the British shoulder behind the development of EEC regional and social policies

More surprisingly, in view of the hours of negotiation devoted to the subject over the past three years, they also feel that many EEC capitals do not really understand the case for a substantial reduction in Britain's budget payments and nor do they have a real grasp of the origins of the problem.

Community diplomats in Brussels, while disagreeing that they fail to understand, are applauding Mr Pym's campaign. Their governments, they say, will be impressed by the sight and sound of British ministers swearing public loyalty to the EEC. "It is sad that after 10 years' membership that it is still so necessary, but it is good to see Britain hammering home the European message," said one ambassador.

Scrutiny of the message reveals that the British Government has made a slight change in policy which may be symbolically important and tactically vital. Hitherto, the British have maintained that no consideration could be given to increasing the funds passed to the EEC as "own resources" until farm spending was curbed, other policies given a higher priority and the British budget problem on the road to a permanent solution.

But Mr Pym has signalled and Mr Hurd confirmed that Britain now believes it wise to "review" EEC financial needs because of the possible impact of admitting Spain and Portugal and because the Common Agricultural Policy "is likely, on present trends, to become even more expensive in coming years," said Mr Hurd. Both Ministers have stressed that there is no prior British commitment to increasing "own resources," merely a readiness to talk about it.

At the same time, they are also emphasising that the end-November deadline for agreeing reductions in Britain's budget payments for 1983 and beyond "must be respected." If their hearts-and-minds campaign was to bear miraculous fruit Mr Pym would carry off an agreement limiting the budget bill to a modest amount for four or five years.

Privately, both Ministers are extremely pessimistic about the chances of the Community meeting its deadline and of Britain securing a long-term deal before or after the end of November.

This is where the financial reveiw could come in useful. Another two-year arrangement may just be possible and politically acceptable to everyone, including Mrs Thatcher, if it is predicated on an exercise which could lead to a recasting of the Community's financing system.

The object for Britain would be to win changes which would permanently eliminate its budget problem. Its negotiating strength would be based on a refusal to agree to any increase in "own resources" to finance enlargement, agriculture or anything else without satisfaction on the payments problem. Financial reform could take at least two years to agree which is why it is essential for Britain to have a "bridging arrangement" to tide it over until negotiations.

Will all these British Ministerial speeches make it any easier to obtain such an arrangement? Probably not, but as the negotiations get under way, they may amount to some positive "noises off" which could help establish a reasonably benign negotiating climate. It may also be useful to have Britain's EEC credit on the public record if things go badly wrong and Mr Pym's talking softly approach has to give way to Mrs Thatcher's inclination to use the big stick.

If, at the time of the EEC summit in Copenhagen in early December, the negotiations are badly deadlocked, a more-in-sorrow-than-in-anger British Prime Minister can point to the failure to settle the arguments through sweet political reason. She may then feel free to employ sanctions in support of her budget demands and, with a general election in the UK on the horizon, this may offer a richer harvest of votes than any "I love Europe" campaign.

Spadolini in bid to break wages deadlock

BY RUPERT CORNWELL IN ROME

SIG GIOVANNI SPADOLINI, the Italian Prime Minister, yesterday initiated a key round of talks with both sides of industry, which will determine whether the 15-month deadlock over wage contract negotiations and a new system of pay indexation can be broken.

A lasting agreement on means of reducing the country's excessively high labour costs was one of the main elements in the programme of Sig Spadolini's first government, which took office in June 1981. Since then, however, little if anything, has been accomplished, and Italy's economic plight has steadily worsened.

Industrial production is running nearly 5 per cent below the levels of a year ago, inflation is set to exceed the 16 per cent target laid down by the Government for 1982, while the 1983 public sector deficit, according to some warnings, could hit L100,000bn—or some 18 per cent of gross domestic product if nothing is done.

But, despite the mounting pressure for results, stalemate has thus far prevailed.

While Confindustria, the employers' federation, has refused to embark upon contract talks involving 10m workers without parallel discussions on a watered-down variant of the *Scala Mobile* system of automatic indexation, the unions are divided over what attitude to take.

Sig Spadolini was last night hoping to persuade the leaders of the "big three" unions to adopt a common front, which might involve acceptance of a temporary solution to the *Scala Mobile* dilemma.

Armed with that, he would then have a better prospect of securing a promise from the employers representatives, whom he sees tomorrow, on a prompt start to talks on new three-year wage contracts.

Hitherto, the unions have been hamstrung by international differences. While the smaller CISL and UIL unions, linked with Christian Democrats and Socialists respectively, have indicated their willingness for compromise, the largest of them, the Communist-dominated CGIL, has been insisting on the contracts, with no strings attached.

Papal visit planned without Marcinkus

BY OUR ROME CORRESPONDENT

ARCHBISHOP Paul Marcinkus, the controversial Vatican finance chief and a key figure in the Banco Ambrosiano affair, will not be organising the forthcoming trip to Spain by Pope John Paul II.

It is the first time in more than a decade that he has not taken charge of arrangements for a Papal journey abroad.

This development became clear with the announcement yesterday that Father Roberto Tucci, a Jesuit and head of Vatican Radio, had arrived in Madrid to settle outstanding arrangements for the Pope's stay in Spain, scheduled to take place between October 30 and November 9.

Vatican spokesman yesterday were refusing to offr any explanations for the move other than to point out that the Archbishop had been particularly busy with other tasks, notably in his capacity as Governor of the State of the Holy See.

However, the development is almost certainly linked to Mgr Marcinkus's much publicised involvement with Banco Ambrosiano. As chairman of Istutio per le Opere di Religione (IOR), the Vatican Bank, his position has been directly called into question over the issue of letters of patronage by the IOR, covering loans of almost $1.3bn (£760m), which caused the Ambrosiano collapse.

A team appointed by Secretary of State Cardinal Agotino Casaroli has been examining the tangled relations between the Vatican Bank and the late Sig Roberto Calvi's Banco Ambrosiano for more than two months.

The signs are that its verdict may soon be ready.

In the meantime Milan magistrates are understood to hsva issued soma 35 communications over the Ambrosiano affair, warning the recipients that they may be involved in criminal proceedings.

Portugal to go ahead with investment laws

By Diana Smith in Lisbon

The promulgation of the revised Portuguese constitution last weekend by President Antonio Ramalho Eanes means the Government can press ahead with legislation to allow private investment in State industries.

The President's signing of the constitution into law also means an end to a build-up in tensions between his office and the Centre-Right coalition of Sr Francisco Balsemao. Parliament passed the law on August 12.

The cornerstone of the revised constitution, a tribunal formed by civilian jurists, will be the first stage in the process of liberalisation. Draft legislation regulating the tribunal has been ready for some time.

With the tribunal in place, the Government can resubmit a "law of sectors" that was rejected repeatedly by the former military Revolutionary Council.

The law proposes to open banking, insurance and sectors like cement and fertiliser to private capital. These were nationalised in 1975. The tribunal will be manned by elements favourable to the ruling coalition, so the law should not encounter difficulties this time.

Once it has been cleared, in a few months, the Government will be able to present a banking law. Portugal's last banking law was drawn up more than 20 years ago.

The new law will set guidelines for the part of the banking sector that will remain in public hands—eight commercial banks and the National Development and Savings Banks, and National Building Society.

Portugal has negotiated a seven-year transition with the European Community where the right to establishment will be subject to conditions. This is meant to give over-manned and under-productive Portuguese banks time to strengthen themselves for competition.

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Politicians divided over cure for ailing Dutch economy

BY WALTER ELLIS IN AMSTERDAM

THE NETHERLANDS main poilitical parties, it is said, are not divided on their diagnosis of the Dutch economic malaise: but by what action to take. On this point the country's sometimes smug national consensus breaks down, leaving a parliament without a programme and a people without positive government.

Already, post-election talks aimed at forming a new coalition have continued for two weeks. The election itself, on September 8, proved inconclusive. If the Labour party gives up its bid to be included in the next administration an end could come soon.

It is more probable, though, that argument and debate will continue for months while the economy cries out for attention.

The outgoing government's 1983 draft budget, laid before MPs last Tuesday, makes clear how bad the position is. Its gloomy message of growing budget deficits and an unsustainable welfare state is echoed in the macro-economic forecast for 1983 published on the same day by the government-sponsored Central Planning Agency.

The budget talks of a Fl 13bn (£2.8bn) package of spending cuts — unprecedented in the Notherlands, where high expectations are considered part of one's birthdright. It also speaks of a public sector borrowing requirement increasing to 10.8 per cent of national income and says that, even with the cuts, social security benefits and health care are bound to suffer. Conversely, it adds, contributions to the system must rise.

The Central Planning Agency meanwhile predicted a 4.5 per cent rise in the Dutch wage bill and a similar increase in tha rate of inflation, taking the latter above 10 per cent for the first time in several generations. Unemployment, the Agency said, would rise to 690,000 (13 per cent of the workforce), or nearer 800,000 on the new basis for calculation to be adopted next January 1.

In absolute terms, the Agency says, the number of jobs will fall next year by 76,000. The Government itself recently forecast that 95,000 jobs would be lost to the electronics revolution by 1990, and there have also been structural contractions in the steel and shipbuilding industries.

At the same time, tha Dutch labour force is growing at a rate of 1.5 per cent a year, compared with 0.9 per cent in Sweden, 0.6 per cent in Italy and minus 0.2 per cent in West Germany and the UK. With fewer jobs and more job-seekers, the problem can only get worse.

The Agency's predictions are based on an assumption that world trade will grow by 2.5 per cent in volume next year and that the Dutch Guilder will firm slightly against the dollar, while doing better also against the currencies of its main customers and suppliers. Since the birth of the European Monetary System (EMS), the Guilder has been a virtual satellite of the D-Mark, content to remain in its high orbit and confident of the backing of high Dutch productivity to restore a competitive exports edge.

Net wages, the Agency forecast, would not rise as fast as prices in 1983. A minimal cut in direct taxation—proposed in the budget—would be more than offset by a planned 5 per cent increase in social security contributions, and the net effect would be a fall in the average real disposable income of 2.5 per cent.

The centre-right parties—Christian Democrats and Liberals—are convinced of the necessity for cuts in real earnings and intend to make a tough start with a freeze, and possible reduction, in the wages of civil servants. Labour, on the other hand, accepts the need to break the existing link between pay and prices but is adamant that living standards, especially of those at the bottom of the scale, must be protected.

Last week Mr Fons van der Stee, the outgoing Christian Democrat Finance Minister, admitted that the growth of public sector borrowing in recent years was starving industry of investment resources. As moch as 70 per cent of domestic capital market funds were now being taken up by the Government. Much of tha remainder went to the construction industry and hardly any at all was now available for the manufacturing sector.

Dutch industry has complained for several years that it has no access to funds and that the tax burden on companies makes self-financing equally difficult, holding profits to a minimum. A memorandum accompanying the budget illustrated this by revealing that tha proportion of company capital and reserves to total assets for a group of quoted companies had fallen from 46 per cent in 1965 to only 22 per cent in 1980.

With the welfare state now under increasing attack, people in the Netherlands are today more than ever despondent about their country's economic prospects. The parties agree on what is wrong, but when are they going to start to put things right? The truth is that only tough options remain and, whichever group of parties finally achieves power, we will take this conviction into every cabinet meeting.

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Share price fall marks Thatcher's Hong Kong visit

BY ROBERT COTTRELL IN HONG KONG

A SLUMP in the Hong Kong stock market and Hong Kong dollar marked Mrs Margaret Thatcher's first day of pnblic engagements in the British territory yesterday.

Share values plunged 8 per cent as the stock market's Hang Seng index lost almost 84 points to close the day at 1,012.62. The Hong Kong dollar lost 58 cents to close the day in Hong Kong at HK$6.193 against the U.S. currency, a new all-time low since the currency was floated independently in 1974. The closing rate in London was HK$6.20.

Brokers attributed the stock market's fall directly to fears over Hong Kong's long-term future. The weakening of the currency also reflected a general strengthening of tha U.S. dollar worldwide.

The British Prime Minister arrived in Hong Kong on Sunday from Peking where she met China's leaders for talks on the territory's status. Britain's lease on the New Territories—comprising 90 per cent of Hong Kong's area—expires in 1997. Nervousness among local investors has increased markedly through the summer.

Mrs Thatcher offered no significant amplification yesterday on the nature of the Peking talks. Sbc repeated the joint statement issned last Friday, which pledges Britain and China to preserve Hong Kong's stability and prosperity.

She continued to emphasise the importance which Britain plaees on the 19th-century treaties by which it acquired its colony.

Two of the three treaties, relating to Hong Kong Island and the tip of Kowloon, ceded sovereignty to Britain in perpetuity. Only the new territories is on a finite lease.

China has expressed its determination to reassert sovereignty over the whole of Hong Kong. Mrs Thatcher said yesterday that all the treaties relating tn Hong Kong were valid — a polnt which China does not accept — and that they should only be varied by agreement between all parties.

To that end, negotiations nn Hong Kong's future are now to be conducted through diplomatic channels, and Mrs Thatcher said yesterday that she was confident a solution would be reached which was acceptable tn China, Hong Kong and Britain. "So far," she summarised, "So good."

Mrs Thatcher fended off requests for indications of bow Hong Kong's future might be resolved, saying she was "not going to prejudge in any way" the talks which are to take place.

Her meetings with Chinese leaders, she said, had been too hrief for getting down to details, aod she again stressed the need for the confidentiality which she believed had to attend the talks to come. She also cautioned that the talks wonld take "some time," hut added that some public statements of position may amerge

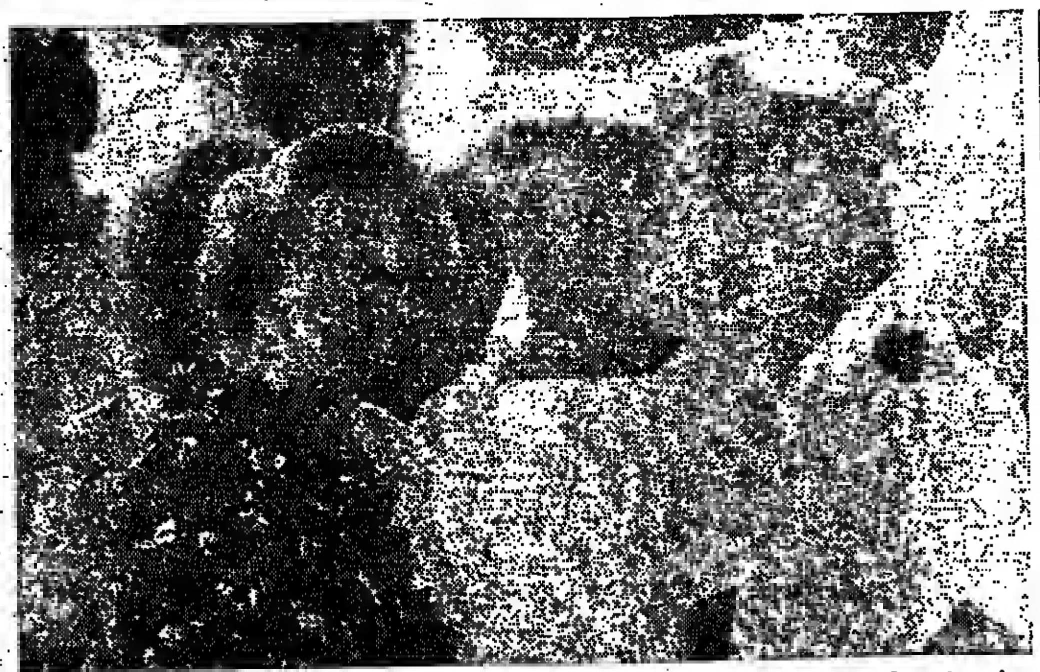
She shrugged off the performance of the stock and foreign exchange markets, saying that "fluctuations" were to be expecled in a sensitive place like Hong Koog, and that not too much should be mada of a single day's trading.

Some brokers, however, were gloomy. "The foreign exchange market, the stock market and the financial community have given the thumbs down," said Mr Barry Yates, a director of stockbrokers Hoare Govett (Far East).

"If nncertainty feeds nn itself, it could run ioto a crisis of confidence . . . if there is a crisis of confidence, what esseotially is the government going to do at this stage in the game to stem it? I'm not saying there will ba panic in the streets, but people are going to vote with their bands in their pockets."

Some business leaders in Hong Kong have expressed approval of Mrs Thatcher's firm staod oo the treaties as a reflection of Britain's commitment to Hong Kong.

But the concern shown io the financial markels yesterday reflects the deflation of axpectations, huilt up before Mrs Thatcher's visit, of a mnre decisive outcome to the talks.



Mrs Margaret Thatcher talks to sailors during a visit to the British forces headquarters in Hong Kong

Peace-keeping troops take up positions inside Beirut camps

BY NORA BOUSTANY IN BEIRUT

FRENCH and Italian marines and paratroopers took up positions yesterday inside Palestinian refugee camps on the south-eastern edge of Beirut as Israelis withdrew frnot most of mainly Moslem West Beirut.

Freoch soldiers and Lebanese army engineers searched for mines at the Chatila camp, scene of the massacre of several hundred refugees 10 days ago. Bulldozers are still digging for corpses believed to be buried under the rubble.

There is confusion over the timing of the arrival of a contingent of U.S. marines at Beirut port. They are waiting offshore for the Israelis to evacuate all of West Beirut, including the international airport and harbour, where Israelis have maintaioed a limited military presence.

The deployment plan of the 3,500-strong multinational force calls for the stationing of French troops south of the refugee camp of Sabra as well as inside its remains.

Italian troops are scheduled to lake up positions ioside the neighbouring Chatila camp and north of Beirut ioternational airport.

The U.S. marines, due to land sometime hetween Wednesday aod Friday, have been assigned positions at the airport. While statements from Washington speak of a full Israeli withdrawal from West Beirut, including the port and airport, diplomats in Beirut said the Israelis were asking for helicopter landing rights and a limited presence in the airport control tower.

Mr Chafik Al-Wazzan, the Lebanese Prime Minister, was quoted as saying yesterday that U.S. officials had admitted their failure to live up to their past promises to keep the Israelis from invading West Beirut. Israeli troops pushed into West Beirut two weeks ago, following the assassination of President-elect Bachir Gemayel.

Mr Al-Wazzan added that U.S. officials have assured him that their efforts will not fail again.

Meanwhile, Mr Philip Habib, the U.S. special envoy, has returned to the Middle East to negotiate the withdrawal of Syrian as well as Israeli troops from Lebanon.

President Amin Gemayel has told ABC, the U.S. television network, that he wants the Lebanese army to he fully in control of Beirut which must no longer be divided between east and west.

Reuter adds: In Paris, the External Relations Ministry yesterday said France's contingent in the multinational force would soon be increased to 1,600 men.

An official said about 480 French soldiers would be sent to Beirut from the UN interim force in southern Lebaoon

Israel yesterday observed its most holy day of atonement, Yom Kippur, in a mood of unprecedented douht and controversy over the massacre of Palestinian refugees in Beirut.

At least five members of Prime Minister Menahem Begin's cabinet believed a judicial commission of inquiry with full statutory powers was the only way to answer mounting charges of a Watergate-style cover-up in the affair, officials said.

Despite his initial opposition to such an investigation, Mr Begin had not ruled out the idea and it would be debated at a special cabinet meeting in Jerusalem today they said.

Palestinian leader Yassir Arafat has blamed the U.S. for the Beirut massacre of Palestinian civilians but said he was prepared to open any dialogue with the U.S. provided no conditions were attached, Reuter reports from New York.

In an interview relayed from Saudi Arabia for broadcast on U.S. television, Mr Arafat, chairman of the Palestine Liberation Organisation, blamed the U.S., a three-nation multi-national peace force and the Lebanese army for the Beirut massacre.

China hints of more talks with Moscow

By Our Peking Correspondent

CHINA'S Premier yesterday hinted that Peking may increase its contacts with Moscow. But Mr Zhao Ziyang insisted in talks with Mr Zenko Suzuki, the Japanese Premier, that China's basic policy of opposition to the Soviet Union remained unchanged.

According to Japanese officials, Mr Zhao told Mr Suzuki, who is visiting China, that contact between Peking and Moscow was necessary to monitor more closely Soviet intentions. The Chinese Premier said the Soviet Union would be judged by deeds and not words.

This is a familiar line used by Chinese officials when asked about Sino-Soviet relations and refers to China's objections to the continuing Soviet presence in Afghanistan, Moscow's backing for the Vietnamese in Kampuchea and the large deployment of Soviet troops—said to be more than a million—on the Chinese border.

The Chinese leader reportedly told Mr Suzuki that any basic improvement in Sino-Soviet relations would take a long time. China hoped, he said, that the Soviet Union would cease its menacing behaviour.

In the past year, there have been a growing range of contacts between China and the Soviet Union from academic and sporting exchanges to semi-official meetings in both Peking and Moscow.

The frequency of these contacts has indicated Peking is prepared to sanction a slight thaw in its relationship with Moscow.

Western diplomats in Peking remain sceptical that much progress can be made towards the normalisation of Sino-Soviet relations as long as Soviet troops remain in Afghanistan and the Soviet Union maintains its support for Vietnam's occupation of Kampuchea.

Mr Zhao, in his talks with Mr Suzuki, reportedly criticised both the Soviet Union and the U.S. as "hegemonistic" powers. However, he said the Soviet Union was on the attack, while the U.S. was on the defensive.

Mr Zhao's remarks about Sino-Soviet relations coincide with reports in Peking that a Soviet delegation will visit China early next month for what are being described as preliminary talks aimed at restarting the process of normalisation

Japan to increase offshore oil investment

By Tony Walker in Peking

JAPAN will increase its investment in oil exploration in China's Bohai Gulf by $400m (£232.5m), Mr Zenko Suzuki, the Japanese Prime Minister, has said in Peking.

Mr Suzuki, who is on a six-day visit to China, told Mr Zhao Ziyang, the Chinese Premier, that Japan would add substantially to its $200m investment in the Bohai exploration zone.

China and Japan concluded an agreement in 1980 to explore for oil in the Bohai Gulf in north-eastern Chinese waters. The two countries formed a joint venture exploration company to search for the oil.

The Foreign Ministers of Japan and China yesterday exchanged notes on the provision of a further about $260m in Japanese "soft" loans to the China.

This takes to more than $900m the amount of money Japan has provided to China since 1979 under a loan package negotiated under the Ohira government.

The package was "modified" last year after China cancelled industrial projects in which Japanese companies were involved. The new loan agreement for about $1.4bn was signed in December last year.

The package included Y130bn (£286m) in commodity credits, about Y100bn in suppliers' credits and Y70bn from commercial banks for industrial projects, including the Baoshan steelworks which had been curtailed in the Chinese readjustment of 1980.

Originally Japan had offered about $1.5bn for six infrastructure projects mostly in port and rail construction to help China overcome some of its worst transport bottlenecks.

Agreement on the latest instalment of the Japanese loan was signed in Peking by Mr Huang Hua, the Chinese Foreign Minister, and Mr Yoshio Sakurauchi, his Japanese counterpart.

China and Japan are exploring for oil over an area of more than 10,000 square kilometres in the southern and western sectors of the Bohai Gulf. In March last year, China reported that the Sino-Japanese joint venture company had discovered high-grade crude.

The discovery prompted speculation in Peking among Western oil industry representatives that China and Japan would be producing marketable quantities of oil from Bohai by the mid-1980s. It is estimated the field will cost some $5bn to develop.

Recession brings further falls in Australian output

BY MICHAEL THOMPSON-NOEL IN SYDNEY

AUSTRALIA'S deepening recession has entailed further sharp falls in factory output. Production of 21 out of 32 seasonally adjusted items fell in the three months to August, according to figures released yesterday by the Bureau of Statistics in Canberra.

Among the worst-hit industries was steel, which has seen widespread layoffs in recent months. Raw steel production in August was 561,000 tonnes, against 606,000 tonnes in July and 736,000 tonnes in August last year.

The slump in housebuilding was reflected in significant falls in production of bricks, cement and particle board. Consumer items such as refrigerators, washing machines and television were also affected.

One item which showed significant growth in output was beer, production of which rose by 23 per cent in the three months to August, to 546m litres.

Motor vehicle output rose by 7 per cent, and there were small gains in production of floor coverings, blankets and chocolate.

Australia's non-farm gross domestic product in the six months to March showed a fall of 0.8 per cent. In the June quarter there was a gain of 0.9 per cent, but the figure was plagued by discrepancies and is expected to be revised downwards when results for the September quarter are made known.

Pym insists on need for east-west Europe links

BY DAVID TONGE IN NEW YORK

In a vigorous statement of British differences with the U.S. over Eastern Europe Mr Francis Pym, the British Foreign Secretary, yesterday insisted on the need for links between the two halves of Europe.

Speaking to the Foreign Policy Association in New York, be said it was "difficult for non-Europeans to understand what it is like to live in a divided continent."

Whereas the Reagan Administration had been trying to limit such links and in particular to stop Europeans from buying Soviet gas, Mr Pym insisted, "We are convinced that as long as these exchaoges and contacts are on a reciprocal basis. we have nothing to lose and much to gain."

Mr Pym is in New York for four days to attend the United Nations general assembly. In other developments at the UN yesterday Britain came under fire when:

● Sr Joao Baptista Figueiredo, president of Brazil, opened the General Assembly calling for Britain to negotiate over Argentine rights to sovereignty over the Falklands.

Britain has so far won two minor skirmishes over the issue by preventing the UN from designating the islands as the Malvinas, the Argentine name and by fobbing off attempts to prevent the islanders from presenting their case to the UN committee involved.

● France denied reports that it would send troops to southern Angola to replace Cuban forces and pave the way to a settlement of the Namibian disoute.

Mr Pym's own speech saw him determined to persuade the sceptical U.S. that Europe does pull its weight in Nato. He pointed out that West Europeans provide "about 90 per cent of the ground forces, 90 per cent of the armoured divisions, 75 per cent of the air forces and 75 per cent of the tanks," of Nato in the European theatre.

The Foreign Secretary stressed that the European allies maintained about 3m men and women on active duty in Europe and that European defence spending had increased in the 1970s, whereas U.S. spending had declined.

However, Mr Pymn's speech also underliner the common elements of British and U.S. foreign policy. He said that Britain sees the Soviet challenge in the same terms as the U.S., all the more so since this challenge "happens in our own backyard."

Brazil sets up barter deal for Iranian oil

By Andrew Whitley in Rio de Janeiro

BRAZIL is to resume purchases of oil from Iran after a two-year interruption because of the U.S. hostage crisis and Iran's war with Iraq, Brazil's leading oil supplier.

Contracts for 35,000 barrels a day (b/d) have been signed, for delivery in the fourth quarter of the year, starting on Friday. The deal is worth about $100m (£58.47m). Payment will be by way of Brazilian goods and services of equivalent value that Iran has committed itself to purchasing over the same period.

The agreement is the first tangible result of the Brazilian authority's efforts to persuade several of the country's major oil suppliers to accept the principle of barter trade. The issue is particularly acute in the case of Mexico, which has an outstanding debt to Brazilian companies of some $250m.

Top level missions are travelling to Mexico and Venezuela, the two countries which benefited most from Brazilian diversification of oil supplies away from the Middle East, to persuade them to increase their purchase of Brazilian goods. Underlying the initiative is the need to boost flagging exports and reduce hard currency payments.

Mexico and Venezuela currently supply 60,000 b/d and 85,000 b/d of oil to Brazil, approximately 20 per cent of Brazilian oil imports. Sr Julio Moctezuma Cid, the president of Pemex, the Mexican state oil company, is expected in Rio this week to continue the current discussions.

In the case of Iran, Petrobras, the Brazilian state oil company, says it is purchasing the light crude oil for $31.20 a barrel and the heavier grades for $29.30, well below the going rate set by Opec. Petrobras prefers not to regard the deal as barter trade, rather as a parallel financing arrangement.

An Iranian mission to Brazil in May brought with it a shopping list of items Iran wanted to hny, including foodstuffs, trucks, tractors, steel and paper. But attempts to persuade the Brazilians to accept other Iranian manufactured goods in exchange have made little progress.

Petrobas bas meanwhile confirmed that, for the past two weeks, it has suspended all imports, except those of crude oil,

Paul Betts reports on New York's Democrats' unexpected choice

Political upset for Mayor Koch

Millionaire Lew Lehrman (left) is the Republican's candidate for Governor of New York State, Ed Koch (centre), New York City's "feisty" Mayor bows out to the surprise Democratic choice Mario Cuomo

THE POLITICAL battle to become the next Governor of the state of New York—a job once held by Mr Franklin Delano Roosevelt and a possible stepping stone to the White House—has lost an old favorite star and discovered a brand new one.

In a remarkable upset in tbe State's Primaries last week, Mr Ed Koch, the outspoken, highly popular, mayor of New York and the strong favourite to walk off with the Governor's crown in November, failed to win the Democratic Party nomination for governor. Instead, the more soft-spoken and self-effacive Lieutenant Governor of New York State, Mr Mario Cuomo, won the Democratic nomination in a neck-and-neck race with the Mayor.

Mr Koch, who surprisingly did not eveo do as well in the City of New York as he was supposed to according to all the polls, put on a brave face in defeat. "I'm still the Mayor and that's not bad." But it was clearly a disappointment and a severe political setback for the Mayor to lose to Mr Cuomo Mayor Koch, with sucb compelling personal assets of being a Jew of Polish origin born in the Bronx, also won the endorsement of Mr Hugh Carey, the outgoing Governor of the state. Mr Carey threw the New York political battle wide open after he announced at the beginning of the year he would not seek a third term as Governor.

Not that Mr Carey did not consider running again. An extremely able politician, Mr Carey got himself in deep waters through a string of problems and controversies largely of his own making. What may have sunk him was his marriage to Mrs Evangeline Gouletas, a Greek-born bnsinesswoman, who forgot to tell bim, it seems, abont all ber previous three marriages—thereby causiog an inevitable rumpus in the local media.

Mr Koch was regarded as so strong a contender for the governorship that one of the Republican forerunners, Mr Ed Regan, the State Comptroller, decided to drop out of the race and not seek his party's nomination. Mr Cuomo, who failed last time round to win the Democratic nomination against Governor Carey, persisted bowever in his effort to beat the Mayor.

On the surface, it may seem surprising that the Italian-American state Lieutenant-Governor (the number two to the Governor) defeated the Mayor whose way with words, ebullient style, which New Yorkers call "feisty," and claims of restoring financial bealth to a New York city only recently on the brink of bankruptcy, appeared to make him a certainty for Governor.

The fact is, as Mr Cuomo philosophically pointed out again and again in the campaign, Mr Koch makes a good Mayor of New York (although his critics claim there are more pot boles in the streets than before he took over) but not necessarily a good Governor of the State.

Mr Koch, too, has from time to time applauded President Reagan and won both Democratic and Republican party endorsements in the last mayoral election. Although New York went—extraordinarily at the time—Republican in the 1981 Presidential elections, the State, even some of the stauncher fans of the President down in tbe Wall Street area, is no longer so enthusiastic about the Reagan Administration. The Democrats—keen to stand out in strong contrast to the Reagan Republicans—clearly felt Mr Cuomo was a safer bet in the forthcoming election which, if everything goes according to general expecttaions, be should win.

Mr Koch started off his campaign on an unfortunate controversial note which he was never able completely to shake off. He gave a frank interview to Playboy magazine in which he described suburban living as "sterile" and rural life as a "joke." His remarks caused an uproar everywhere in the State outside the City of New York.

To win the Governorship of the State of New York, a candidate cannot rely solely on New York City votes, however many there are. Outside New York City, Mr Koch was far from a certain winner, even among Democrats, many of whom do not share his views about suburbia and the country and worried he would, as Governor, put city interests before those of the country and suburbs.

But Lieutenant - Governor Cuomo is unlikely to have a walk-over to Albany, the seat of the New York State Government. If the Democrats have lost, or rather chose not to rely on an old political star like Mr Koch, the Republicans have found a brand new star in a 43-year-old millionaire businessman called Mr Lewis (Lew) Lehrman who decided to stop running the Rite Aid Corporation—a chain of discount drugstores that grew out of a family grocery store—to run for Governor.

Mr Lehrman started off his political campaign 18 months ago as an unknown. Last week he won his party's nomination in a landslide victory against his rival, Mr Paul Curran, a former U.S. attorney who, as the campaign heated up, never really stood a chance.

Mr Lehrman could be a formidable political opponent for Mr Cuomo. Mr Lehrman's two major assets are that he is a fresh face in the altogether jaded New York Republican party and be is also very rich. He spent $7m (£4m) in his Primary campaign—an all-time record — in New York State elections. Moreover, more than balf of the money came from his own pocket.

The political rise of Mr Lehrman is in itself a classic example of U.S. political life. Thanks to good connections (in Mr Lehrman's case Mr George Bush is a family friend), a pile of money earned in the exemplary U.S. tradition of the self-made man, considerable media exposure through a second television commercial and an increasingly effective use of the one-liner on the campaign trail, Mr Lehrman has won the bearts of New York Republicans.

As a newcomer, Mr Lehrman can associate or disassociate himself with the Reagan Administration and its policies whenever it suits his political campaign. His views on the major issues during the Primary campaign were the usual hotchpotch of rhetorical political banalities which most U.S. political candidates on either side of the fence utter on the campaign trail. Bnt then, personalities are what count and Mr Lehrman has succeeded in cutting himself a pleasing political personality — at least for New York State Republican party voters.

Too much personality, however, could very well be Mr Lehrman's undoing. He is already being compared to Republican Mr Koch "feisty," "gutsy," and all those other popular New York epithets. Mr Koch, though, lost out to the quieter, conventional and highly respectable Mr Cuomo who, incidentally, is the only gubernatorial candidate to oppose the death penalty in New York State. Mr Koch, like Mr Lehrman, favours introducing the death penalty in the State.

U.S. football strikers aim for better deal

By Paul Taylor in New York

ALL 12 PLANNED U.S. football matches were halted over the weekeod by the U.S. National Football League players' wage strike, the first mid-season strike in the game's 63-year history.

Tbe strike began a week ago and revolves around players' demands for a new wage scale and a fixed percentage of lucrative television contracts. Losses are already out at $70m (£40.9m).

Tbe strike has put 15,000 people out of work, including the 1,500 players for the 28 clubs, and it threatens severely to disrupt America's favourite winter pastime. Over the weekend, an estimated 800,000 fans stayed at home and television statioos showed re-runs or showed Canadian football matches.

The impact of the strike is already being felt by hot-dog and souvenir vendors, millionaire club owners, restaurateurs and ticket sellers. With negotiations between the club owners and the players' union still at a standstill, there appears to be no end to the strike in sight.

Mexico offers troubled companies more aid

BY WILLIAM CHISLETT IN MEXICO CITY

THE MEXICAN Government yesterday extended help to distressed private companies by making available more credit at preferential rates of interest.

Tbe special fund for small- and medium-sized companies, to be used between now and the end of the year, has been increased from 30bn pesos to 50bn pesos (£416.8m).

The finance ministry said the credit could be used to pay wages, buy raw materials and meet payments on working capital.

The Mexican private sector is undergoing a severe period of adjustment. The devalnation of the peso has pushed up the cost of its external debt of $21bn and the economic standstill has dramatically reduced demand. Companies are rescheduling debts, shelving expansion plans and laying off workers.

Apart from its special fund, the government bas also granted companies one year's tax deferral in urgent cases and given companies access to the preferential exchange rate of 50 pesos to the dollar for foreign loan interest and principal payments. The normal exchange rate is 70 pesos.

Price controls, bowever, are in force to prevent companies passing on their extra costs to the consumer. The annual inflation rate is already running at 90 per cent.

The government of President Jose Lopez Portillo, which leaves office in December, appears to be trying to win over some sections of the private sector with its credit fund and by lowering interest rates.

President Reagan will meet Mexico's President - elect, Miguel de la Madrid, in Tijuana on October 8, Reuter reports from Washington. The President is certain to discuss Mexico's economic difficulties as well as other issues affecting the two countries.

The Bank of Mexico has been bringing down interest rates by two percentage points a week for the past four weeks, despite the rising inflation rate.

Last week, the top 21 newly-nationalised banks sought an injunction against the government for taking over the private banking system on September 1.

EEC textile talks with Third World close to collapse

BY LARRY KLINGER IN BRUSSELS

TEXTILE import negotiations between the EEC and its main Third World suppliers are on the verge of collapse? Second-round crisis talks continued yesterday with Hong Kong, but officials held out little hope for a breakthrough.

Negotiations with two of the other dominant suppliers—South Korea and Macao—were broken off at the weekend. These three countries, together with Taiwan, account for more than 40 per cent of the EEC's textile imports from the Third World.

The Community's ten member-states are demanding import quota cutbacks of up to 12 per cent and other stiff restrictions as a condition for remaining within the new 1982-86 *Multifibre Arrangement* (MFA), the world pact governing textiles and clothing under the *General Agreement on Tariffs and Trade* (Gatt).

The European Commission has concluded new deals with 17 of the EEC's 27 MFA suppliers, adding Egypt, Colombia and Yugoslavia to its list of firm agreements yesterday.

The Commission is to review the overall situation later this week with the aim of reporting to the member-states early in October. The EEC Council of Ministers will then have to decide whether there was room for another round of negotiations ahead of the Community's self-imposed year-end deadline for a decision on whether to withdraw from the MFA.

But, without firm agreements with the main suppliers and Asean states of Singapore, Malaysia, Indonesia and the Philippines, it is difficult to see how the Community could reverse its stand despite the prospect of protracted and bitter quarrels breaking out in the Gatt.

If the Community makes good its threat to pull out of the MFA and apply quota cutbacks unilaterally, the Third World suppliers would be bound to fight the measures under Gatt.

These suppliers still reject as "totally unreasonable" EEC demands for quota cutbacks of between 10 and 12 per cent on the whole range of sensitive products—cotton yarn and cloth, synthetic fibres and cloth, trousers, T-shirts, blouses and skirts.

The Asean countries are particularly angered by EEC insistence on the so-called anti-surge clause, a new mechanism designed to prevent the flooding of the EEC market by the sudden taking-up of previously unfilled quotas.

ECGD to back £15m credit for S. Africa

THE EXPORT Credits Guarantee Department has guaranteed a £15m line of credit for South Africa which will enable UK exporters of capital goods and services to be paid in full at the time of shipment.

The loan has been provided by Hill Samuel to the Electricity Supply Commission of South Africa. Exporters will receive 85 per cent of the value of eligible contracts direct from the loan. Fifteen per cent will he payable direct by the bnyer before shipment.

To qualify under the line of credit a contract mnst have a minimum value of £50,000 and he placed by March, 1984.

● A memorandum of understanding has ben signed by Itihi Ossetmoumba Lekoundzon, Minister of Finance, of the Congo and Dr Gerard Vanghan, the UK Minister for Consumer Affairs.

The Memorandum identifies areas in which British Companies could co-operate, such as post and telecommunications, electricity generation and distribution, water supply, construction and public works, and transport.

The British Overseas Trade Board will send a team nf business advisers tn the Congo in Octnber.

Rees starts talks with Moscow

BY PAUL CHEESERIGHT, WORLD TRADE EDITOR

MR PETER REES, British Minister for Trade, yesterday started talks in Kishinev, Moldavia, where the British-Soviet Joint Commission is holding its annual meeting.

The talks aim to foster economic and industrial co-operation between the two sides, especially in the priority areas of the current Soviet Five Year Plan.

The Soviet side is led by Mr Yuri Brezhnew, First Deputy Minister of Foreign Trade.

Discussions at ministerial level, against the background of the dispute between the U.S. and Western Europe over the construction of the Siberia-West Europe pipeline, underline British concern to be seen as a reliable trading partner of the Soviet Union.

Sir John Mayhew-Sanders, chairman of John Brown, the British turbine manufacturer in the middle of the dispute with the U.S. about the Reagan Administration's pipeline embargo, is a member of Mr Rees' delegation.

On the British side, however, there is no desire to see the Soviet Union using the fact of the talks as a means of obtaining political advantage.

But the existence of an active Commission is seen as a necessary umbrella for the winning of contracts by British companies in the Soviet Union.

In the broad stream of British trade, the Soviet market is useful but not vital. Sales to the Soviet Union, which came to £158m in the first half of this year, constitute under 1 per cent of UK exports.

At the talks, Mr Rees, with representatives not only of John Brown but also of Metal Box, Morgan Grenfell, Rolls-Royce and GEC, will be looking at the possibility of future British work in the development of the Soviet energy and agriculture sectors.

Western strategic controls, and the talks taking place to revise the list of controlled products, make the exploration of contracts using high technology items difficult. Opportunities seem more likely to be presented in the food processing sector.

At the last meeting of the Commission, in May 1981, the possibility of British co-operation in the Soviet automotive sector was raised. Further discussions are likely on this, but they involve component supply and manufacture rather than vehicle assembly.

This is the tenth session of the Commission. Its meetings resumed last year after a break in 1980 when discussions were suspended owing to the Soviet invasion of Afghanistan.

India and Soviet Union to boost trade ties

BY K. K. SHARMA IN NEW DELHI

SUBSTANTIAL increases in Indo-Soviet economic collaboration resulting in further trade between the two countries are the main outcome of the week's visit to the Soviet Union by Mrs Indira Gandhi, Prime Minister of India.

The Soviet Union is already India's largest single trading partner and the two countriea expect to double the two-way turnover by 1985, mainly because of increased Soviet assistance for industrial projects in India.

The main projects identified are steel plants, a 600,000-tonne alumina plant, a 1,000 MW nuclear power station, thermal stations and machine building units.

Detailed discussions on the projects are now to be held and it is expected that agreements will be signed by the end of this year.

The steel plants to be assisted hy the Russians are at Bhilai in Madhya Pradesh, Bokaro in Bihar and Vishakapatnam in Andhra where earlier stages are already being put up with Soviet help.

In addition, the Russians have offered to build a steel plant in Orissa state, the letter of intent for which, given to Britain's Davy McKee, was revoked by the Indian Steel Ministry last May. If all the projects go through, Russia will be helping India add about 5m tonnes of steel-making capacity in the next 5-6 years.

Taken with the major Rs 5bn (£303m) deal for import of 500m metres of cloth a year by Russia from India, which is expected to be finalised by December, the Soviet Union's economic links with India will be significantly strengthened.

Since Russia is the main supplier of defence equipment to India, New Delhi's dependence on Moscow is considerably heightened by Mrs Gandhi's visit and underscores the importance of the Soviet link. Whatever the political hesitations Mrs Gandhi may have had in strengthening the link, this is an established fact.

The hesitations are thought to stem from the Indian Government's wish to remove the widespread impression that the country's non-aligned policy has been weakened by the growing contacts with Russia.

U.S. to sell S. Korea £348m farm goods

SEOUL — The U.S. has agreed to sell South Korea $600m (£348m) worth of farm products on credit during fiscal 1983, the South Korean Ministry of Agriculture and Fisheries said yesterday.

The accord was reached at a three-day meeting that ended in Seoul on Saturday, attended by U.S. and Korean officials.

The credit is for $300m-worth of raw cotton, $130m-worth of wheat, $80m-worth of feed grain, $50m-worth of soya beans, $20m-worth of tallow, and $20m-worth of items yet to be determined.

The total amount is smaller than the $630m for fiscal 1982. The decrease has resulted from fewer Korean demands for U.S. credit, which carries an interest rate higher than the current domestic bank rate of 10 per cent, the officials added.

The short-term credit is repayable over 30 months for raw cotton and one year for the other farm products.

The U.S. delegation wanted to include rice in the package, but Seoul declined because of an expected bumper crop this year.

AP-DJ.

Volume of UK clothing imports drops by 3%

BY ANTHONY MORETON, TEXTILES CORRESPONDENT

THE VOLUME of clothing and other textiles entering Britain during the second quarter of this year dropped by 3 per cent compared with the first three months.

According to the British Textile Confederation, imports were running at a high level in January, February and March, and the drop in the following three months has to be seen against the background of stagnating demand in the UK for textile products.

In the first half of 1982, imports as a whole were 8 per cent up on the same period of 1981 and, although the other nine member-countries of the EEC continue to be Britain's major suppliers, accounting for half total imports, the big growth between the two half-years has come from the low-cost countries.

The Mediterranean countries pushed up their supplies to the UK by 46 per cent in the first half of this year, compared with the same period of 1981, while goods coming in from the Lomé Convention countries went up by 25 per cent.

By comparison, those countries covered by the Multifibre Arrangement (MFA) negotiations, only increased their share by 8 per cent.

EEC imports rose by 10 per cent, and there was a big drop in goods from the US, which fell by 49 per cent between the two periods. This was almost certainly because of the strength of the dollar compared with a year earlier.

The volume of carpets from the US, for instance, dropped from 3.9m sq metres in the first half of 1981 to 600,000 sq metres this year, a fall of 85 per cent. Similarly, household textiles dropped from 2,500 to 500 tonnes, a fall of 78 per cent.

The British Textile Confederation also implicitly accuses some countries of attempting to evade the quota rules by sending as much as possible to Britain in the early months of the year in hopes that the EEC, which governs *the flow of imports, will fail to* enforce the bilateral agreements.

Elf Aquitaine and Toray in £11m venture

By Richard C. Hanson in Tokyo

TORAY INDUSTRIES, the world's leading maker of carbon fibres, and Société Nationale Elf Aquitaine (SNEA) will spend Y5bn (£11.3m) to build a joint venture plant in Southern France.

The two companies have been studying the feasibility of a joint venture to manufacture and sell carbon acrylic carbon fibre, mostly used in aircraft, for over a year.

The joint venture will be owned 65 per cent by SNEA and 35 per cent by Toray. In its initial stage, 30 tonnes a year of carbon fibre products will be produced, starting late in 1984. Toray will provide the raw material for the joint venture.

In a second stage, expected to be realised from 1986 or 1987, production will double to 600 tonnes a year. At that point the joint venture will begin producing the raw material itself.

Toray at present ranks as the largest producer of carbon fibre with a capacity of over 1,200 tonnes a year. The company has licensed its technology to Union Carbide, in the U.S.

Judge declines to halt U.S. Navy contract

WASHINGTON—A Federal Judge has declined to issue a temporary restraining order that would have nullified a U.S. navy contract for the hanling of supplies to U.S. troops in Europe.

One of the United States' largest shipping concerns, United States Lines, sought the injunction to prevent a new shipping company, American Coastal Lines, from carrying the supplies under a six-month contract, effective October 1.

Judge Norma H. Johnson, a U.S. District Judge, said United States Lines failed to show it would suffer irreparable injury.

Among United States Lines claims was one that asserted that the contract posed a security risk because one of the minority partners in the new venture is a Swedish company, Salens of Stockholm that also is an agent for the Soviet maritime fleet.

Mr John Bayly, the Assistant U.S. Attorney argued that no strategic materials would be shipped under the contract.

AP

Malaysia offers Seoul oil-for-ships barter deal

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA has proposed to South Korea a barter deal, under which the South Koreans will build two boats for the Malaysian Navy in exchange for natural rubber and crude oil.

Datuk Musa Hitam, Malaysian Deputy Prime Minister, who recently returned from a visit to Seoul, said South Korean shipbuilders have responded positively to the proposal.

Datuk Musa did not specify the type of boats to be built or the costs, and said Malaysian officials would be working out the details and further negotiations would be carried out.

Malaysia would prefer the two naval craft to be built in Malaysia, with Korean expertise and workers, but Datuk Musa said the boats would be built in South Korea if the costs were found to be much lower.

Under "Look East" policy of its Prime Minister, Dr Mahathir Mohammed, Malaysia is turning to Japan and South Korea as economic models, and contractors of these two countries have, in the past year, secured almost all the major construction projects in Malaysia.

Malaysian exports have been badly hit by depressed prices and contracting volumes, and the country is expected to record a $3.8bn (£2.2bn) balance of payments deficit on its current account this year.

Meanwhile, the Malaysian Industrial Bank, set up three years ago to encourage the growth of shipping and a ship building industry, said it would be expanding its assistance.

Tan Sri Sallehuddin, the bank's chairman, said several new forms of financing were being considered, including a bank financing guarantee for Malaysian shippers.

The bank's low-interest financing would be extended to other local ship-building activities such as oil rigs, modules, marine fabrication and welding, he added.

SDP faces stern test at Peckham by-election

By John Hunt

THE Peckham, South East London, by-election, where the Social Democrats will face their next big test, is to be held on Thursday, October 28.

The SDP candidate for the traditionally safe Labour seat is Mr Dick Taverne, head of the Institute for Fiscal Studies. He broke from the Labour Party and stood independently as a Labour Democrat to win the Lincoln by-election in 1973.

He held that seat until the general election in October 1974.

The contest at Peckham follows the death of Labour MP Mr Harry Lamborn, who held the seat with a majority of 10,800 in the 1979 general election.

Mr Taverne is seen as a strong candidate and the SDP will be fielding a big team of supporters in an effort to prove the party is regaining momentum despite its poor showing in recent opinion polls.

Labour also has a strong candidate at Peckham in Harriet Harman, legal officer of the National Council for Civil Liberties.

The SDP hope to get a spin off from Labour's troubles in the neighbouring constituency of Bermoodse

Roger Taylor

SAY CHEESE—the first new British cheese for more than 200 years (or so it is claimed) was launched yesterday by the Milk Marketing Board—with a little help from Mr Peter Walker, Agriculture Minister (right).

The cheese, called Lymeswold, is a full-fat, soft blue with a white rind, writes David Churchill. It has been developed at a cost of £5m by Dairy Crest.

Dairy Crest hopes Lymeswold will capture a quarter of the £790m-a-year cheese market. It will cost about 54p a quarter a

Mr Walker is already hooked on Lymeswold. "The Walker family has been privileged to have a pre-taste," he said at a reception in London yesterday. "In our family the parents like it, the children like it—and in moments of generosity our Old English Sheepdog is allowed to like it."

Government 'gave Britoil a £462m gift'

BY RAY DAFTER, ENERGY EDITOR

THE GOVERNMENT was accused yesterday of handing Britoil a £426m "gift" to make the State undertaking more attractive to prospective shareholders.

The allegation was by Dr Gordon Brown, Labour Party Scottish vice-chairman, commenting on what he described as confidential documents relating to the forthcoming sale of shares in the oil exploration and production company.

His claim was treated with scepticism in the organisation and in Whitehall, though neither Britoil nor the Energy Department would comment on Dr Brown's claims.

Dr Brown said that documents prepared by the Government and its advisers showed that Britoil would be given an initial capital structure based on an £80m cash injection from public funds: £127m from the National Oil Account; and £219m from profits of British National Oil Corporation before it was split into Britoil and the State-owned BNOC trading company.

The package, he said, meant that the Government was to give away most of the £600m in cash that it expected to raise by selling 51 per cent of Britoil shares to the public.

The deal would mean that the public would get "next to nothing," despite Britoil's ownership of "an estimated £30,000m-worth of oil reserves."

"The gift of £400m to Britoil would have given our health workers a wage increase of 15 per cent," Dr Brown added.

It is known that the Government and Britoil have been discussing the company's capital structure. A new one is needed because formerly all BNOC's surplus revenue was channelled into the State-controlled National Oil Account.

Joint plan to develop J. Lyons offices

By Andrew Taylor

CADBY HALL, Hammersmith, London headquarters of J. Lyons food group for almost a century, is to be redeveloped in a £50m joint venture scheme with Rush & Tompkins, the construction and property development group.

Lyons, now part of Allied-Lyons food and drinks empire, and Rush & Tompkins, Cadby Hall Developments, will redevelop the 10-acre site over five years.

The plans to be approved following a public inquiry will provide 234,000 sq ft of new office accommodation, 290,000 sq ft of residential accommodation and 1.39 acres of land for community use.

The existing headquarters is to be extensively refurbished to provide around 125,000 sq ft net of office space, occupied chiefly by Lyons.

Lyons has been seeking to redevelop the site for almost a decade, following the transfer of some of its food manufacturing operations to locations outside central London. A plan was approved in 1976, but was abandoned in the face of the property crash.

Redevelopment plans were revised following the takeover of J. Lyons by Allied Breweries in 1978.

BA provides for more lay-offs

BY LYNTON McLAIN

BRITISH AIRWAYS is to make a provision of £70m—in its so far unpublished accounts for 1981-82—for redundancies in the current financial year, Sir John King, the part-time chairman of BA said in Hong Kong yesterday.

The decision to make provision for dedundancy payments in the year before they fall due is part of the airline's strategy for moving from heavy losses to modest net profits by the end of the 1982-83 financial year, next March.

This is intended to present the state-owned airline in a favourable light in time for the Government's intended sale of the airline to the private sector. Mr Iain Sproat, the Parliamentary Under-Secretary of State at the Trade Department, in charge of the de-nationalisation of BA, wants this to happen before the next general election and, if possible, by September next year.

The airline announced from London yesterday plans to discontinue 17 of its routes and to close seven of its offices abroad by next spring. The route cuts represent 4 per cent of British Airways' total operations.

The total economies are designed to improve the airline's trading profits by up to £10m a year "on a recurring basis," the airline said.

British Airways is to stop all its flights from Heathrow Airport to Edmonton and Calgary in Canada; to Damascus in Syria and to Inverness in Scotland. Flights from Gatwick Airport to New Orleans, Düsseldorf, Alicante, Faro and Palma are to stop.

Services from Manchester Airport to Toronto, Edinburgh, Zurich, Geneva, Malta, Cyprus, from Birmingham Airport to Copenhagen, and from Edinburgh to Aberdeen will all be stopped.

"The closures are a direct result of unrelenting world-wide recession in our markets," Mr Roy Watts, the deputy chairman and group managing director of British Airways, said yesterday.

"The routes we have selected for elimination are those on which we can find absolutely no prospect of adequate profitability and which do not contribute significantly to the success of other routes," he said.

The latest route closures are in line with the plans of British Airways, announced in July, to cut the total staff of the airline from 41,600 at present to 35,000 by March 31, 1983. The new cuts bring the total reductions in the airline in the past three years to 60 routes and 23 stations across the world.

The accounts due from British Airways by the middle of next month are expected to show total losses of approximately £400m for the previous financial year—1981-82. This loss—about which Sir John King refused to be specific, but which BA did not deny—includes £128m in redundancy payments for 9,000 people dismissed since autumn 1981, when the airline had 51,000 staff.

The announcement yesterday represents "only part of a plan for BA that has been introduced successfully over the past three years," Mr Watts said. "In that time we have hoisted the productivity of our staff by more than a third, and improved our performance and service to customers until we rank with the best."

Controls over hazardous substance sites urged

BY WILLIAM COCHRANE

BRITAIN's planners have demanded changes in legislation to provide planning controls over developments specifically designed to handle dangerous substances. The appeal came as Salford City Council called for an inquiry into Saturday night's explosion at Flax Street which led to more than 700 people being evacuated from their homes.

The Major Hazards Working Group of the five societies of local authority chief planning officers, in conjunction with the Royal Town Planning Institute, last week called on Mr Michael Heseltine, Environment Secretary, seeking changes in the planning legislation.

Yesterday the leader of Salford City Council asked the Home Office and the Environment Department to consider establishing a full inquiry into the cause of Saturday's explosion.

The inquiry would cover the improvement of control over the storage and haulage of dangerous or potentially dangerous chemical substances, as well as matters relating to recompense for damage caused and insurance liability.

"There has never been any legislation which defined premises or land for the processing or storage of hazardous substances as a separate land use. Effectively, there is no planning legislation to control major hazards at all," Mr Ted Dickson, founder chairman of the major hazards group and now a corresponding member, said yesterday.

He acknowledged that the Environment Department, in a letter a month ago, did envisage the improvements in legislation which the working party was seeking. But Mr Dickson was very doubtful that the envisaged legislation would cover situations like that at Salford.

The explosion was at the transit warehouse of A. J. Bloor, trading as B and B Hauliers.

Salford also asked the Home Office and the department for consideration to be given to the need for strengthening local authorities' regulatory powers.

The council requested full consultation on the precise form and scope of any inquiry before final decisions are taken as to its constitution and scope.

The inquiry should be seen to be independent. "Unless satisfied with the proposals (the council) must reserve the right to set up immediately an independent inquiry under the leadership of a queen's counsel."

BT orders 9,000 Cardphones

BY JASON CRISP

BRITISH TELECOM has ordered nearly 9,000 public payphones which use a special plastic card, like a credit card, from the Swiss company Landis and Gyr.

The order, worth about £15m, follows a trial of 200 Cardphones in four UK cities. BT found that they produced twice the revenue of ordinary coinboxes and sold cards worth £0.5m.

Landis and Gyr is to assemble the Cardphones at its factory in Acton. Most are to be delivered between August 1983 and spring 1985.

Two cards are available to pay for calls, one with 40 units costing £2 and the other with 200 units costing £10. The card is placed in the phone which displays the number of remaining units and reduces them as the call is made.

Howden ex-directors face actions by U.S. broker

BY JOHN MOORE, CITY CORRESPONDENT

FOUR FORMER directors of Alexander Howden Group, the insurance broker, will defend legal actions against them in the High Court by Alexander & Alexander Services of the U.S., the world's second largest insurance broker, which owns Howden.

They are: Mr Kenneth Grob, former chairman; Mr Allan Page; Mr Ronald Comery; and Mr Jack Carpenter. Mr Ian Posgate, former star underwriter of Alexander Howden, is also expected to defend the proceedings.

CC HOWDEN 3/4

The move follows allegations in two High Court writs by Alexander & Alexander against the five, claiming damages for alleged fraud and misrepresentation.

A concurrent writ has been issued by Alexander Howden Group and three of its insurance temporaries, Sphere Drake Insurance; Drake Insurance Company; and Sterling Insurance Company. Alexander & Alexander Services has joined this action as a plaintiff.

The latter action begun by Howden, its insurance companies and Alexander & Alexander Services claims damages for misrepresentation; delivery of two paintings, one by Redon, one by Pissarro, and works of art worth $337,250, and delivery up of the contents of the Villa Olivula, Villefranche, France. This claim is against Mr Grob, Mr Comery, Mr Carpenter and Mr Page.

The plaintiffs claim against all five defendants that each is liable as constructive trustee of all monies paid to overseas companies allegedly under their control. A claim is made against Mr Posgate for delivery of a painting by Pissarro.

The writ in its points of claims alleges that all five "unknown to the other directors of Alexander Howden Group" were members of a syndicate of unnamed investors which bought from Howden a controlling interest in the Banque du Rhône et de la Tamise, a small Swiss bank.

It is alleged that the funds for the purchase were provided from the secretly controlled companies and Lloyd's syndicates, and that none of the five disclosed his interest in the syndicate of investors which bought the bank from Alexander Howden Group.

Life commissions agreement to end

BY ERIC SHORT

THE LIFE Officers Association and the Associated Scottish Life Offices are about to abandon the commissions agreement which imposes a maximum level of commission member life companies can pay independent intermediaries.

A meeting today is expected to announce that, possibly from the beginning of 1983, life companies will be able to pay any commission they consider necessary and justified to insurance brokers, solicitors, accountants and other insurance intermediaries.

Intense competition will escalate the already existing commissions war.

Such a move would represent a complete change in the attitude of the LOA towards commissions on life and pensions contracts paid to intermediaries. Until now it has adopted an uncompromising line that a commissions agreement, which imposes a maximum limit paid by life companies, is necessary to protect the consumer.

The LOA argues that with such a scale, the insurance intermediary would not be influenced by the commission received in recommendation of life companies.

Many of the life companies formed over the past decade have kept out of the associations to avoid being bound by this commissions agreement. These life companies are paying commission rates well above the LOA scale.

Some pay as much as 6 per cent on single premium business compared with the LOA maximum of 3.5 per cent. Some life companies within the LOA are uneasy over this competition with non-LOA companies and have been pressing for substantial relaxations in order to compete with the non-LOA companies.

The refusal of the associations to make relaxations in the past has resulted in several life companies, including Equity and Law and Abbey Life, leaving the LOA so as to have more flexibility on commission payment.

It is understood that several life companies are prepared to follow this example and leave the LOA so they can compete on equal terms with the non-LOA companies.

The wheel will thus have gone full circle since the associations first imposed commissions agreements to stabilise the commissions position. Before the LOA involvement life companies were free to pay the commission they desired and were getting involved in a commissions war to obtain business.

The agreement on pensions commission in 1954 and on individual life business in 1960 stabilised the situation. The present commissions agreement has operated since 1976.

Call for fresh Calvi inquest

By William Hall, Banking Correspondent

LAWYERS representing the family of Sig Roberto Calvi, the Italian banker found hanged underneath Blackfriars Bridge in London, are to ask the Attorney-General for a fresh inquest into the death of the Italian financier.

Sig Calvi, head of the Banco Ambrosiano group which is at the centre of a major banking scandal in Italy, was found dead in London in mid-June. An inquest a month later found that the banker had killed himself.

Sig Calvi's family is known to have been unhappy with the majority verdict reached after a twelve hour hearing. They had hoped that the inquest would have declared an open verdict.

Sir David Napley, representing Sig Calvi's family, said yesterday that he was preparing details to submit to the Attorney-General to get the verdict set aside.

It is understood that another pathologist's report has been prepared and more evidence has been discovered about Sig Calvi's problems with vertigo.

Sir David is expected to present his case to the Attorney General within the next week.

Considerable mystery has surrounded the death of Sig Calvi and it is widely believed in Italian banking circles that Sig Calvi may have been murdered.

Over 150 candidates expected for Ulster Assembly

BY OUR BELFAST CORRESPONDENT

MORE THAN 150 candidates are expected to have come forward when nominations close for election to the 78-seat Northern Ireland Assembly later today.

The two days of nominations mark the official start to the campaign for the October 20 poll. In spite of public scepticism about the Assembly's ability to solve anything, the parties will go to the bustings with their usual vigour.

The Official Unionist Party, led by Mr James Molyneaux, MP, is the largest group in the field with 42 candidates, seven more than the Rev Ian Paisley's Democratic Unionists.

The Assembly, elected under a system of proportional representation, promises to be a one-sided affair. Various shades of Roman Catholic and Republican opinion are boycotting either the election itself or Assembly sittings.

The Social Democratic and Labour Party, the main minority group, will refuse to take its seats, but is running 28 candidates in all 12 constituencies to test support for its claim that the system devised by the Government is unworkable.

Provisional Sinn Fein, the political wing of the Provisional IRA, will field 12 candidates, including the brothers of two dead hunger strikers. Sinn Fein had successes in by-elections last year, at the height of the hunger strike, but this election will provide a better gauge of public support. They, too, will refuse to sit in the Assembly.

The Workers' Party, the political successor to the old official IRA, is also running 12 candidates and will play its part in the Assembly on the grounds that it could help local economy.

The controversial Assembly proposal by Mr James Prior, the Northern Ireland Secretary, is the first big Government initiative to restore some power to local representatives since the Constitutional Convention in 1975.

But because "cross-community support" is needed before any power can be transferred, the boycott by the minority parties is seen by many as scuppering the attempt.

Nevertheless, many small parties have decided not to miss the chance. The Unionist groups which have entered the fray include the Vanguard Party, led by Mr William Craig, a former Minister in the Stormont Government who will be the party's only candidate.

● Mr Gerry Fitt, the Independent MP for West Belfast, has pulled out of the Northern Ireland Assembly elections in protest at the recent spate of killings in the province.

Mr Fitt, 56, a Catholic and outspoken opponent of the IRA, made his decision following the killing of a soldier in a terrorist bomb incident yesterday.

● Ulster's Social Democratic and Labour Party, the province's main representative of Catholic political opinion, has been left off the invitation list for a party conference in the Irish Republic next month for being "too nationalistic."

The decision has created a row inside the Irish Labour Party, junior partner in the Dublin Government until earlier this year, and prompted criticism from its party leader, Mr Michael O'Leary.

Representatives of the SDLP have traditionally attended Irish Labour conferences as fraternal delegates and fellow members of the socialist international organisation.

But this time the Labour Party administrative council decided against inviting the SDLP, claiming it had become "too nationalistic and lacking in socialist policies."

The Northern Ireland party's deputy leader, Mr Seamus Mallon, today described the move as "sad, ill-advised and petty."

"We have always been nationalistic and never made any bones about that. To say there has been any change in the direction of the party is utterly wrong," he said.

Post Office joins pet food maker in savings tokens scheme

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THE two million or so dog owners who haven't bought a licence now have no excuse not to pay up.

The Post Office yesterday joined with Spillers, manufacturers of such famous names as Kattomeat and Winalot, for a joint promotion which could cost Spillers £1.7m.

Under the scheme, called Spillers Post Office Pet Savers, 30m products ranging from dog food to cat litter will carry printed tokens. When 30 have been pasted on to a collection card they can be redeemed at any of the 23,600 post offices in Britain for any product or service worth £1.

The Post Office hopes that pet lovers will avidly collect the tokens and rush to their local post office to buy extra stamps, coin sets, aerogrammes, National Savings gift tokens . . . and the 35½p dog licences.

The scheme is the first time that the Post Office has linked up with a commercial organisation to carry out promotion in this way. Mr Nigel Walmsley, the Post Office's marketing director, admitted yesterday: "Ten years ago it would have been unthinkable for the Post Office to take part in a venture of this sort."

Earlier this year the Post Office offered a scheme whereby customers could buy 10 stamps for the price of nine. "The response to that promotion was phenomenal," said Mr Walmsley. Instead of the normal 1.5m stamp books sold in a five-week period, the promotion led to sales of 4.5m books over the same period.

The Post Office's new emphasis on promoting itself was noted by a Covent Garden sales promotion consultancy called the Sales Machine.

Sales Machine, which had done some promotional work for Spillers before, realised the potential for the Post Office link-up. Market estimates have shown that three-quarters of all adults visit a post office at least once a month, while about half of all households own a pet, with dogs more popular than cats.

Mr Alan Farrar, marketing director of Spillers, said: "Working with the Post Office in this way gives us a very powerful sales weapon."

Publicity for unused land

BY JAMES McDONALD

THE Department of the Environment has launched a £45,000 campaign to make more widely known to developers the new registers of unused or under-used, publicly-owned land.

District councils hold published registers of all such land in their areas. They can be examined free of charge. The campaign, which will last about a month, is aimed at developers "who may pass suitable sites every day without knowing that they are on the market."

There are nearly 11,000 sites in England on the registers—more than 96,000 acres in all. More than 60 per cent of the acreage is owned by local authorities and 25 per cent by nationalised industries and statutory undertakings.

Consumer protection in the micro-chip age

THE IMPACT of new micro-electronic technology on retailing is unlikely to make new consumer-protection laws necessary, according to a report published yesterday by Sir Gordon Borrie, Director-General of Fair Trading.

The report includes the results of a wide-ranging study into the effects of new technology on retail distribution carried out over the past 18 months by a team of industrialists recruited by the Office of Fair Trading.

Sir Gordon said that the results showed that there were benefits to be gained from the introduction of new technology and that potential disadvantages could be contained or averted. The report also concluded that "self-regulation could be developed where necessary and that the existing legislation—drafted for the most part in a pre-technological era—remains generally adequate for the task."

A study of the effect of new technology on retailing says that new consumer safeguards may not be necessary. David Churchill reports

However, Sir Gorden made clear that "well-informed consumers and healthy competition are the best guarantees that the benefits of new techonologies are shared by the community and not retained exclusively by those who produce or install them."

He warned that "further, as yet unforeseen, threats to consumer interests may, of course, emerge from these developments and we must continue to be vigilant."

The report studied the impact of new technology in three key areas: the development of laser-scanning, electronic checkout systems; electronic funds transfer from retailers to banks; and selling by viewdata.

A number of leading supermarket chains have already installed "bar code" electronic checkout systems, and the report suggests that by 1985 up to a fifth of all major supermarkets would have the systems installed.

Sir Gordon made clear that he was concerned at the possible effects of increasing retail concentration as a result of large stores gaining cost-saving benefits from using new technology. He was worried that this might accelerate the closure of small shops, with a consequent loss of consumer choice and competition. However, he acknowledged that some laser-scanning systems were being developed for use by small shops.

In spite of planning for electronic funds transfer and the existence of pilot schemes, "it seems unlikely that a full-scale EFT system will be in widespread use before the next decade," the report said.

The problem areas that could arise with the development of EFT were privacy and confidentiality, and security.

Sir Gordon suggested that the banks would need to make a considerable effort to inform account-holders about the new developments. "The scope for misunderstanding and inconvenience, which could result from the potentially faster transfer of funds electronically, is considerable."

Adequate steps had to be taken to ensure that details of personal bank accounts were kept confidential. Equally important was the prevention of error and fraud. "If unauthorised debits are made by EFT, I urge the card-issuing companies to set the same limit on liability (£30) as will apply to credit cards as a result of the Consumer Credit Act," be said.

On viewdata systems, Sir Gordon said that with the potential for growth available "there is an urgent need to consider the implications of such interactive buying facilities."

He promised that the OFT would take up with British Telecome and information providers the suggestion that they should voluntarily provide compensation—on the lines of the mail order protection schemes—to users losing pre-payments when suppliers become insolvent.

Expansion of cable television could also lead to more buying at home, Sir Gordon said. "Similar safeguards to those governing viewdata selling will obviously need to be introduced."

William Hall writes: The total cost of any nationwide system of EFT terminals could exceed £250m, according to the report. This means that there will have to be a considerable degree of co-operation between companies which are in other respects competitors.

Sir Gordon noted that the banking sector is "already highly concentrated" and the introduction of EFT should not be used as an excuse to increase this concentration.

"It is of prime importance that access to EFT systems as they develop should be open to all financial and other institutions of suitable standing who wish to participate. I shall be keeping a close eye on developments in this area.

"Barriers to entry to the money transmission business should be lower with electronic technology since all that is necessary to set up a 'giro' network is a central computer and access to the telecommunications system. An expensive and widespread branch network is no longer necessary."

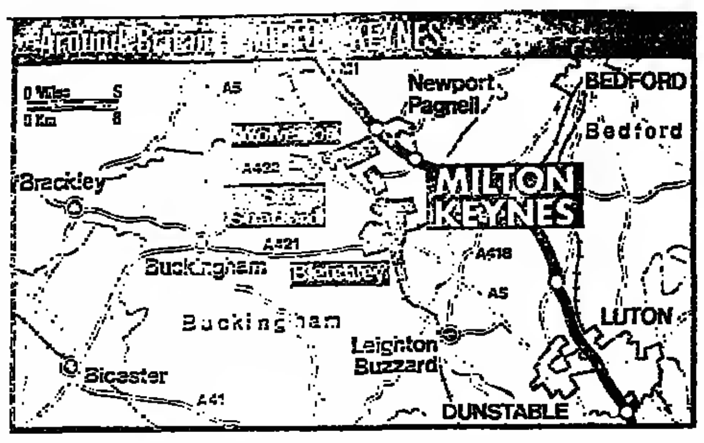
The advent of EFTS "opens up the possibility of more competition within the banking system and of competition from outside financial intermediaries and others." It is important that such competition should be fair and that pricing should have a clear rationale.

Micro-electronics and retailing; available free from Distribution Unit, OFT, Room 600, Chancery House, Chancery Lane, London, WC2.

UK NEWS

Sunnier side of saving energy

Ray Dafter reports on the homes built with heating bills in mind



WORKING QUIETLY, unseen in a converted garage, Mr Alan Horton monitors the goings-on in a group of family homes on one of Milton Keynes's new housing estates.

Surrounded by wires and dials, armed with a note-taker's clipboard, he looks for all the world like a Big Brother agent from George Orwell's Nineteen Eighty-Four. While, however, his activities may be funded by the Government, they are far from sinister.

Mr Horton, a research fellow with the Open University's Energy Research Group, is a member of a team monitoring energy aspects of specially-designed and insulated homes in Summerhayes, Great Linford.

The houses have been constructed so that the main rooms, with large windows, face south to trap the best of the Midlands sun. The bathrooms, stairways and spare bedrooms are on the northern side of the buildings where small windows reduce heat loss.

Double-glazing and plenty of insulation, up to six ins thick in the loft, reduce heating bills considerably.

All this may seem obvious, merely an application of common sense. Sadly, however, the design and accessories of the Summerhayes homes are unusual enough to warrant special investigation. A preliminary study of the figures shows that a family's heating bill can be about £150 a year less than in an ordinary house of a similar size.

As Mr John Doggart, energy consultant to Milton Keynes Development Corporation, pointed out, the savings should far outweigh the extra mortgage payments which might be needed to cover the cost of the innovations. The energy-saving features add about £1,000 extra to the £40,000 cost of a comparable home.

The Summerhayes development, built by a local private developer, S & S Homes, is just one of a dozen or so commercial and domestic projects in Milton Keynes which are being investigated for their energy-saving potential.

A recent report by Milton Keynes Development Corporation, says the practical result of the first eight projects monitored is a saving in fuel bills of about £150,000 annually.

"If the lessons learned in Milton Keynes can be shared, the potential of the projects nationally is considerable," it says. Milton Keynes reckons its own total fuel bill probably exceeds £10m a year.

With a population of 102,000 and plans for 150,000 to 200,000 inhabitants by the 1990s, Milton Keynes is the largest of the 28 designated new towns in the UK. Receptive to innovation, Milton Keynes and its developers have long been interested in the use and conservation of conventional energy.

So much so that in 1972, before the first major oil crisis, the Development Corporation backed the construction of a solar-powered house, the first of its kind in the country.

Latest published tests conducted on the Bradville Solar House show that solar energy is providing 71 per cent of the heat required for hot water and almost half of the space heating load. The corporation reckons that even greater savings could be achieved with some design changes.

Since 1976, the corporation has been advised on the various energy projects by a small energy consultant unit. The unit also draws on research expertise in the Open University—based in Milton Keynes—the Polytechnic of Central London and other research organisations.

Milton Keynes has a steady stream of visitors keen to study the various projects and the larger scale housing developments at Pennyland and Great Linford, where homes have been positioned to make the most use of the sun's beat and light.

Using Department of the Environment funds, the Milton Keynes Energy Consultancy Unit studied the problems of homes falling in the shade of neighbouring houses. Homes in Pennyland and Great Linford were accordingly positioned to minimise "overshading."

During a tour of the city a few years ago, Sir Derek Ezra, the recently retired chairman of the National Coal Board, exclaimed: "I see no chimneys."

As an advocate of higher domestic and industrial coal usage, he was expressing his disappointment at the way British Gas had collared the domestic central heating market.

One energy project, developed in association with the Solid Fuel Advisory Service, involves 22 houses at Downs Barn heated with modern fires and boilers. And many homes burn coal as well as other fuels.

Perhaps the most striking example of multiple fuel use is to be found at 8 Downley Avenue, Bradwell Common, the "futuristic" home of Mr and Mrs Paul Fiello. Here, heating is provided by solar energy, natural gas and coal, all of which provide the Fiello family with considerable flexibility.

The house is even equipped with its own mini power station in which electricity can be generated by a Fiat car engine adapted to run on natural gas.

The four-bedroom home was built last year as part of the Homeworld 81 exhibition organised by the Development Corporation to illustrate possible houses of the future. Some of the houses look decidedly weird in design and concept but virtually all of them have significantly more insulation than current building standards demand.

The estate of Homeworld 81 houses has now become something of a tourist attraction. "The only drawback is the sightseers," said Mrs Fiello.

But Milton Keynes may soon have a new attraction—an "energy park" covering about 200 acres and incorporating domestic, industrial and commercial projects featuring the latest energy conservation and utilisation concepts.

Mr Steve Fuller, the Development Corporation's projects development officer, said the park, now being considered, might include its own room-sized power station and combined heat and power facilities.

De Lorean liquidation dropped by creditors

By John Griffiths

TRADE creditors of the De Lorean sports car venture in Belfast have abandoned their plans to file for the liquidation of the company tomorrow.

They have done so in the belief that the receivers are within sight of completing a rescue of the company.

An agreement in principle for the takeover of the company by a group of U.S. investors was signed just over two weeks ago. But the receivers were not prepared to recommend the rescue to the UK Government, which put up £77m for the operation, until they had firm evidence of the American group's financial bona fides.

Mr Paul Shewell, joint receiver with Sir Kenneth Cork, said at the weekend that the practical steps to implement the agreement were taking more time than expected.

He warned against "reading too much" into any deadlines surrounding the future of the operation. Several times, widely-publicised cut-off dates have been named for the completion of rescue attempts, either by Mr John De Lorean or, more recently, by a British consortium.

But the reality is that, unless the 72-acre site and its plant can be taken over as a going concern, the realisable value of the assets is very small in comparison with the funds invested and owed.

Car makers 'subsidised by artificially high prices'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

IF THE British had paid Belgian prices for their new cars last year the UK would have saved £1.3bn or 0.6 per cent of GDP, the Institute for Fiscal Studies argues in a report to be published later this week.

Ford was the main beneficiary, according to the institute, and was able to charge a total of £590m more for its cars than equivalent Belgian prices last year.

The institute also suggests that if UK prices fell quickly to those on the Continent, it would cost BL £300m a year.

EEC regulations would almost certainly prevent the British Government increasing its subsidy to BL and "the probable result of pricing at world levels in the UK market would be the liquidation of BL cars.

"However, the balance of payments costs of current prices are so large that even if lower prices led to the liquidation of BL cars and the assumption of a major part of its existing market share by imports, the net foreign exchange cost would be small, if indeed it was adverse."

The immediate collapse of UK prices to world levels is improbable, says the report. "But if the current level of differentials is unsustainable, it is hard to see how the outlook for BL can be other than gloomy. . . ."

The institute points out that Ford's position is particularly complex.

"Ford does not manufacture in the UK out of gratitude to UK consumers for their readiness to pay high prices in the UK market. Ford does so presumably because of a commercial judgment that it is more profitable (or less costly) to make a diminishing share of its British output in the UK rather than overseas."

The report adds another important consideration—Ford's market share and pricing policy rely on the fact that it is perceived by consumers as a UK manufacturer.

The institute, a politically independent, non-profit making charity, cites three reasons for the differential between the UK and Continental new car prices. The most important is the dominant role of company purchasing in the new car market in Britain and that corporate buyers are significantly more nationalistic than private buyers.

The differential is then exaggerated by sluggish responses to recent movements in real exchange rates and supported by real and artificial barriers to arbitrage between markets.

Differentials between car prices in the UK and Belgium: IFS, 1 Castle Lane, London, SW5. Price: £5.

PRICES AND DISCOUNTS BY MODEL (%)

	Median Discount	Range: Best	Range: Worst	Best-Median	Price £
Ford Fiesta 1100 PP	7.5	11.3	3.8	3.8	3,630
VW Golf 1300 CL	6.7	9.3	2.2	2.6	4,400
Fiat Strada 65 CL	11.1	14.0	8.1	2.9	3,735
Citroen GSA 1300	11.3	11.9	7.1	0.6	3,725
Talbot Sunbeam 1.3 GL	13.6	14.1	13.6	0.5	3,976
Toyota Starlet 1.2 GL	4.7	7.7	0.0	3.0	4,100
Opel Kadett 1.3	12.5	13.3	10.4	0.8	4,200
Metro 1.0 L	11.0	13.4	5.4	2.4	3,650
Datsun Sunny 1.2 GL	2.3	4.4	2.0	2.1	3,760
Renault 5 GTL	9.6	12.1	6.7	2.5	3,750
Cortina 1.6 GL	13.8	15.4	11.2	1.6	5,225
Cavalier 1.6 GL	12.2	13.3	3.6	1.1	5,200
Escort 1.6 GL	11.3	12.6	8.9	1.3	5,100
Bluebird 1.8 GL	6.1	7.1	0.0	1.0	4,650
Audi 80 GLS5	9.6	11.9	5.2	2.3	5,875
Acclaim HL	11.1	13.0	3.2	1.9	4,399
Fiat 131 SM	11.1	13.9	8.5	2.8	4,467
Peugeot 305 GLS	12.2	13.3	6.2	1.1	4,300
Renault 18 GTL5	10.2	14.0	8.4	3.8	5,000
Maxi 1750 HL	16.0	17.4	11.3	1.4	4,550
Solara 1.6 GL	13.9	14.4	10.1	0.5	5,100
Ital 1.7 HL	15.0	15.3	10.0	0.3	4,230
Volvo 244 DL	12.7	14.4	10.2	1.7	6,375
BMW 528I	2.3	4.0	0.0	1.7	13,200
Rover 3500 SEA	14.2	14.4	13.2	0.2	10,725
Granada 2.8 Ghia	14.1	14.7	11.2	0.6	10,819
Overall Average	11.2			1.87	

Source: Institute of Fiscal Studies.

Ulster report seeks to stem job losses

By Our Belfast Correspondent

AN INDEPENDENT report on the Northern Ireland economy, to be published in a few weeks, is expected to recommend several experimental measures in an effort to stem the loss of jobs in the province.

The lengthy study, compiled by a group of northern Ireland people in various spheres of economic influence, is said to criticise the lack of a coherent economic strategy for the region.

Mr James Prior, the Northern Ireland Secretary, who has studied a draft copy, last week invited the authors to Stormont for talks on the main recommendations.

The report is understood to underline the need for Northern Ireland to present a far greater image of stability. It also highlights the disadvantages which result from the absence of a local political forum.

The authors are believed to have strongly condemned local politicians for their failure to understand the gravity of the position.

Lancashire business expansion

FINANCIAL TIMES REPORTER

A RECENT survey undertaken by Lancashire County Council into the marketing and expansion plans of Lancashire companies shows promising and optimistic results.

Of the 650 companies covered by the survey nearly 20 per cent indicated they had plans for the expansion or relocation of their businesses within the next year, with a further 26 per cent indicating similar plans within a five-year period. The survey shows that 31 per cent of the companies said they would be expanding in Lancashire, 9 per cent in the North West and only 4 per cent elsewhere in Britain.

About 48 per cent sold their products or subcontracted to manufacturing industries, and 31 per cent to the construction industry, within Lancashire — an encouraging industrial growth indicator for the county.

The survey shows a clear trend away from Lancashire's traditional industries into the service sector. One area of rapid growth is supply and business services where a surprising 10 per cent of the companies found markets. Based on these figures, the service sector in the county is as large as the manufacturing sector.

Mr Michael Stansbury, the county's industrial promotion and liaison officer, is optimistic about industrial prospects. Many of the companies indicated, however, that they still needed extra assistance, and the results of the survey will now be used to determine a programme of activities for the Lancashire Industries Marketing Association.

LIMA was set up by the council last year to give assistance to small firms throughout Lancashire, co-ordinating its work with Lancashire Enterprises, an independent council-backed company set up to regenerate local industry, headed by Mr Jim Mason of Blackburn, as chairman, and Mr Andrew Flockhart as managing director.

Mr Flockhart is currently in America talking to Data Processors—high-tech pioneers in the field—with a view to attracting World Tech Great Britain, a large data processing company, to use Lancashire as its base.

World Tech was recently established in partnership with the Co-Op Bank, Sun Alliance Assurance, British Steel and Pilkington's Glass, and was formed to develop small high-technology companies in this country.

Mr Mason is hoping that some of the redundant workforce from Lancashire's high-technology engineering companies can find new jobs using their skills in other high-technology applications. Unless the county can attract the new industries he fears that their skills will be lost, not only to Europe, but also to the Middle East, America and Japan.

Engineering orders still in doldrums

By Maurice Samuelson

THE UK's engineering industries' order books in the second quarter of the year was at the same flat level of the previous quarter. No recovery has been seen since the last major orders were placed last autumn, according to yesterday's issue of British Business.

While export orders on hand are at their highest since 1974, much of the 15 per cent improvement over last year can be traced to a limited number of major orders from overseas rather than a general increase in activity from overseas markets, the paper says.

Home sales were fractionally higher in the second quarter but new orders declined a little.

In the machine tools industry, the second quarter showed some improvement but there was little sign of an imminent upturn, with weak demand and low sales remaining the key features.

Sales recovered by almost 10 per cent in the quarter but remained at less than half the 1975 level.

Workers give factory a fresh start

Employees turn owners to keep plant open. Alan Pike reports

LAST NOVEMBER, GEC announced to its workforce the closure of its Associated Automation factory at Willesden, North London.

By the time the anniversary of the announcement is reached the workers will own the plant themselves.

The takeover has been made possible by substantial financial assistance from the Greater London Council, and by the £200,000 which the workers will invest when they receive redundancy payments from GEC.

Employment at the Associated Automation plant, which produces telephone coin box equipment, has declined substantially through the years. It stod at 1,200 in the late 1960s when decimalisation gave the coin box equipment market its greatest recent boost. But the workforce bas declined to 350, from a peak of 1,900.

The decline will continue with the workers' takeover. In the short-term, the new owners will be unlikely to be able to preserve more than about 180 jobs.

But they plan to diversify into new products which they believe will lead to more employment. Their immediate objective—apart from saving jobs—is to keep alive engineering skills in a part of London where the male unemployment rate is more than 15 per cent.

"There were once 38,000 engineering jobs in this part of London. Now there are fewer than 10,000. This is one reason why we felt we could not simply watch another factory go," says Mr Abdul Wagu, Amalgamated Union of Engineering Workers convener at Associated Automation.

The workers' takeover owes much to the efforts of Mr Wagu, an employee at the factory for 20 years and AUEW convener for the past 12. He gave increasing thought to the possibility that Associated Automation, while remaining viable as an independent unit, might become too peripheral to GEC's wider interests to survive within the group.

Mr Wagu and his colleagues, spurred by the growing fashion for management buyouts, discussed the option of the workforce taking over the factory if GEC decided to close it. To this extent, the workers were prepared for action when the closure decision eventually came, but agreement on the takeover has taken nearly a year of negotiations with GEC, the banks and the Greater London Council.

The deal should be finalised in about another month. A new company—Third Sector—bas been set up by the workforce. This will receive a £405,000 mortgage loan from the GLC to buy the factory, plus a revenue support grant of up to £332,000. The business will trade in future as Hall Telephones—reviving the Hall name, still remembered in the industry, under which the Willesden factory started life in the 1920s.

Precise plans for the ownership and control structure of the worker-run company will be announced when arrangements for the takeover bave been finalised. But both shopfloor workers and managers are determined their priority must be commercial viability, rather than a desire to prove theoretical points about worker co-operatives.

"We accept that the business has to be run on conventional commercial lines," says Mr Geoff Smith, production executive. "One of the most important things our customers are going to want to be satisfied about is that they are still dealing with a stable, reliable company. This will certainly be the case."

Customer reaction to news of the rescue bas been favourable because it resolves any problems over the continuity of spares supplies—apart from other considerations.

"But we will offer another form of continuity as well," says Mr Reg Bath, quality manager. "We have e very stable, experienced staff and customers will be dealing with the same people as in the past. It puts us in a much stronger position than if we were launching a new company from scratch."

Between 30 and 40 per cent of the plant's production is exported. These markets offer continuing long-term prospects for the supply of spare parts and other equipment.

And plans are already being made to enter new markets, although the development of these products is likely to take a year or two.

One painful task faces the new owners before they concentrate their energies on running the business—they must decide which employees will stay. The survivors—some of whom have offered to invest more money than just their redundancy payments in the venture—will transfer to the new company on their existing pay.

Mr Wagu says the new owners' optimism is to some extent a tribute to GEC. Industrial relations at the plant are good—the last serious dispute was in 1974—and the workforce and local management have developed a sound, participative relationship. This convinces them that the translation from employees to owners need not prove too traumatic.

Glass makers fear loss of 'cheap' U.S. ash

BRITISH GLASS makers fear that possible EEC action against imports of U.S. soda ash, a vital ingredient in glass making, will again make them totally reliant on Imperial Chemical Industries, which until four years ago had a virtual monopoly of the UK market.

It still controls more than 90 per cent of the market, but the glass industry now buys part of its supplies from the U.S. and wants to retain this second—and cheaper—source.

The European Commission is expected to decide shortly whether to put up import tariffs after allegations by European chemical producers that soda ash from America is being sold here at below domestic U.S. prices.

The UK glass industry doubts whether the dumping allegations are true and stresses the importance of having alternative supplies, even though it has had a fairly harmonious relationship with ICI in the past and knows that it will continue to rely on it for the bulk of its needs.

Mr John Small, group managing director of United Glass, the biggest UK glass container maker, says that verifying dumping claims "could be as difficult as proving how many angels dance on the point of a needle."

Soda ash is the most expensive ingredient of glass, accounting for about 35 per cent of its raw material costs. United Glass buys between 10 and 20 per cent of its ash from U.S. sources.

At present U.S. asb sells in Britain at about £94 a tonne at the warehouse gate, compared with ICI's ex-works price of £100.50 a tonne.

The main reason for the relative cheapness of the U.S. product is that it is mined in natural form, whereas ICI's has to be made from limestone, salt and ammonia by the expensive and energy thirsty Solvay process.

In Wyoming, which is rich in natural ash, the local price earlier this year was about $93 a tonne. Transport to the Eastern U.S. boosted thes price there to $132 a tonne, reaching the equivalent of $162 a tonne by the time it reached Britain by sea.

Europe's total ash production is almost 8m tonnes a year, with ICI the second largest prodncer after the Belgian Solvay group, which produces 4.5m tonnes in ten factories throughout the continent.

Unofficial estimates for the beginning of this year put ICI's output at 1.73m tonnes, followed by France's Rhône-Poulenc with 580,000 tonnes and Holland's Akzo chemicals group with 330,000 tonnes. There are other smaller producers in West Germany and Italy.

ICI's determination to protect its British market against outside competition is understandable in view of the contribution which soda ash made to the £75m profits of its general chemicals division last year.

Its campaign against U.S. imports have been made through the Conseil Européen des Fédérations de l'Industrie Chimique (CEFIC). American soda ash is already subject to a 10.3 per cent EEC import tariff, which will go higher if the Commission accepts CEFIC's dumping claim.

Nurses' pay talks fail to make headway

By Ivo Dawnay, Labour Staff

TALKS between professional nursing bodies and Government officials broke up last night with no indication that any progress had been made on new pay proposals made by Mr Norman Fowler, the Social Services Secretary, 10 days ago.

Leaders of the non-TUC unions left the Department of Health and Social Security headquarters in London refusing to comment on the discussions. They are believed to be returning for a further meeting next week.

The talks are understood to be centring on attempts by the professional nursing groups—the Royal College of Norsing, the Royal College of Midwives, the Health Visitors Association and the Association of Nurse Administrators—to improve the present offer of either 4 or 5 per cent from January.

The nurses' leaders are also hoping to persuade Mr Fowler to put back the date for the implementation of a new formula for assessing nurses' pay from April 1984 to earlier in the 1983-84 pay round.

Leaders of the TUC health service unions will meet Mr Len Murray, TUC general secretary, in Blackpool today to discuss plans for industrial action due to take place in each of the 16 regional bealth authorities from Monday next week.

The action will begin in Merseyside and proceed through each regional bealth authority area througbout October. Union leadersw ill also discuss means of stepping up the campaign of selective stoppages by key workers, aimed at bringing all NHS services down to accident and emergency cover only.

The talks in Blackpool today between the 11 TUC unions and Mr Murray are intended to centre on sympathetic action by non-NHS workers.

Several nnion leaders believe the next opportunity for a breakthrough in the dispute emerge until Thursday when the Cabinet will discuss tbe issue, headed by Mrs Margaret Thatcher on ber return from tbe Far East.

Several unions hope the national day of action, and a Sunday Times poll last week-end showing over 80 per cent of the public supports the health workers, will bring new pressure on the government.

Civil servants attack research on jobs for Megaw inquiry

BY DAVID GOODHART, LABOUR STAFF

RESEARCH carried out by Hay Management Consultants for Megaw inquiry into Civil Service pay has been sharply criticised by a major civil servants' union.

The latest edition of the journal of the Society of Civil and Public Servants questions the objectivity of management consultants in gathering pay data and says that alleged errors in the research for Megaw may have influenced the inquiry's recommendations.

Megaw recommended that a new pay information board should be set up with management consultants collecting and analysing data on outside pay levels. The inquiry said that consultants would have more experience of the private sector, would use tried and tested methods of job evaluation and would be seen to be impartial.

The SCPS feels that no job-evaluation system can claim to be scientific and that the system used by Hay Management Consultants would rank Civil Service work at a ridiculously low level.

But the union's main criticism concerns the research carried out for Megaw by Hay Management Consultants that reviewed civil service pay in France, Canada and the U.S. It says that research is "riddled with inaccuracies and errors."

It alleges that Hay did not mention the "well-known criticisms of the U.S. system" which include the fact that pay surveys of private industry and the settlement date for civil servants be narorwed.

It also says that Megaw's recommendation to introduce pay bands into the British Civil Service might have been different if the U.S. President's Advisory Committee on Federal Pay had been considered.

The union says the committee has recommended that the 15 pay bands in the U.S. should be divided into "smaller, more homogenous, occupational groups," closer to the unions own view on pay comparability.

Mr Barry Curnaw, director of Hay Management Consultants, said: "We carried out an extremely comprehensive and accurate comparison of civil service pay methods for the Megaw inquiry." The research had been studied and authorised by senior officials in the civil services of each country studied.

British Telecom faces action on October 20

By Our Labour Staff

MR GERRY GILLMAN, general secretary of the Societ of Civil and Public Servants, has accused the Government of plannign to sell-off 51 per cent of British Telecom at half its true value.

The attack came as the six main BT unions yesterday announced October 20 as the day of action against privatisation.

Mr Gillman said that evidenee of tbe under-valuation could be found in an industry Department document on BT leaked earlier this month, saying that sbares in BT will be floated from April 1984 and the new company will have an expected anthorised sbare capital of 6bn shares valned at 50p each.

On October 20, the Post Office Engineering Union, and the Civil and Public Services Association and Society of Civil and Public Servants, bave decided te strike for the day.

Members of the Union of Communication Workers, the Commonication Managers Asaociation and the Society of Post Office Executives, bave been urged to take various forms of action short of striking.

Freightliner depot strike

FREIGHTLINER, the British Rail subsidiary, has warned it could lose business worth £1m a year, if the strike at its Millbrook, Southampton, terminal is not called off soon.

The warning, dismissed as "propaganda" by union officials came in a letter to the 150 employees at the depot, where 50 rail staff have been on strike for more than two weeks over drivers' pay and flexibility.

Ford, which normally sends a trainload of components each day, has been supplying its local truck plant at Swaythling by road. Other customers have also had to switch to road hauliers.

No further talks are planned on the dispute, which concerns plans to increase job flexibility.

THE LABOUR PARTY AT BLACKPOOL

Foot wins clear vote for approved groups' register

AMID BITTER protests by hard-line left-wingers, the Labour conference decided by a majority of more than 3—1 yesterday to give the Militant Tendency its marching orders out of the party.

On a card vote the establishment of a register of approved groups, for which Militant, as at present constituted, would fail to qualify, was approved by 5,173,000 to 1,565,000.

Reports from Margaret van Hattem, John Lloyd, Ivor Owen and Lisa Wood pictures by Terry Kirk

The deep divisions which have marked every stage of the campaign which Mr Michael Foot was finally persuaded to undertake to rid the party of the militant Marxists were still in evidence as the decisive vote was called.

Most delegates rose to their feet, some with little enthusiasm, to give Mr Foot a standing ovation but leading left-wingers on the party's national executive including Mr Tony Benn, Mr Eric Heffer, Mr Frank Allaun and Miss Joan Maynard remained seated.

Mr Foot insisted that there was clear evidence that the activities of Militant were in breach of the Labour Party's constitution. He swept aside suggestions that those who had engaged in them were set to enjoy the same kind of martyrdom accorded to Stafford Cripps and Aneurin Bevan when they were expelled from the party in 1939.

In one of the most telling passages of a strongly argued speech he refused to accept the validity of such a comparison. Mr Foot declared: "There was no secret conspiracy between Cripps and Bevan. They wanted everyone to know what they were doing."

Cripps and Bevan, he told the Militant supporters, had never sailed under false colours to propagate their views.

Cripps and Bevan, Mr Foot recalled had been accused of trying to form a party within a party. "In their case it was not true. In this case it is true—that is the great difference."

The party leader added: "I have always been opposed to witch-hunts and I will be opposed witch-hunts until the day I die." He maintained that there was a sharp distinction between witch hunts and real offences against the party's constitution.

There was no question of people being expelled from the party for being Socialists, as had been suggested by Mr Pat Wall, a leading Militant activist who has been chosen as the prospective Labour candidate for Bradford North in preference to the sitting Labour MP.

He told Mr Wall, whose speech was applauded by Mr Benn: "Nobody under these proposals is going to be expelled for being a Socialist. They are only going to be expelled for breaking the constitution."

Mr Foot explained that he had finally been convinced of the need to lend his authority to the campaign against Militant by the volume of complaints which he had received from Labour loyalists all over the country. "I did it because of the stack of material I have had from party members up and down the country."

To have ignored the evidence, he said, would have been a recipe for the destruction of good faith in the party and would have inflicted appalling damage at a most critical time in its fortunes.

Mr Jim Mortimer, party secretary, watched by Mr Foot as he speaks on behalf of the NEC

The establishment of a register, Mr Foot stressed, would not infringe the rights of freedom of association or of free argument within the party. Marxist ideas had always been discussed by the Labour Party and that process would continue.

Mr Foot ended with a plea for unity behind the party's constitution in the run-up to the general election.

Backed by cheers he declared: "People are crying out for us to get back to office to save their jobs and the peace of the world."

He also made it clear that he is determined to lead the party into the election. Mr Foot said he intended to go on defending the constitution with every breath in his body—"and I have got a lot of breath."

He bluntly denied a charge by one parliamentary colleague, Mr Martin Flannery, MP for Sheffield Hillsborough, that the exclusion of leading members of Militant from the party would be the prelude to the jettisoning of existing policy commitments to unilateral disarmament and the withdrawal of Britain from the European Community. "I repudiate that entirely," he said.

Mr Foot was equally vehement in denying that the establishment of a register of approved groups would lead to a witch-hunt against individuals.

He argued that the witch-hunts which the Labour Party had most recently experienced were those conducted by Militant to remove long-serving Labour councillors and MPs from their seats.

Mr Wall won applause from his Militant colleagues when he emphasised that he had twice been selected for the Bradford North constituency and on the second occasion by a bigger majority than on the first.

He insisted: "There is no civil war in Bradford. The only civil war we want to wage is against the Tories and the system."

Mr Wall claimed that it was a "political obscenity" for the Labour conference to be debating such an issue at a time when the living standards of Labour Party members were under attack by Conservative policies. It was akin to a "spit in the face" for factory workers who had recently joined his constituency party.

Mr Wall contended that suggestions that only a handful of expulsions would result from the establishment of the register were not a justification for setting it up. "One expulsion of a Socialist because he is a Socialist is a witch-hunt," he said.

Mr Alan Sapper, leader of the television technicians union, asserted that the establishment of the register would turn the party's national executive into an inquisition with Star Chamber methods of expulsion and discipline.

He moved a composite resolution condemning the establishment of the register as a disastrous diversion at a time when the party should be uniting in the struggle against the Tories. It was defeated by 5,227,000 votes to 1,645,000.

Militants resigned to biding their time

THE MILITANTS are on their best behaviour this week. The word appears to have gone round — no heckling or harranguing, no shouting, no frightening old-age pensioners.

Instead, they sit decorously in their seats, barely responding to the tirades of the Right, ostentatiously supporting those who support them, ignoring those who do not.

The sea of delegates surges into the Winter Gardens at the start of each conference session, bearing away the accumulated flotsam of the fringe newspapers and pamphleteers, the Anti-Apartheid Movement, the Gay Rights Campaign, the Spastics Society, the Mothers of Vietnam, Labour Herald, and a wistful representative of the Moslem-Iranian students outside Iran.

It moves on, leaving an empty entrance hall of discarded and trampled leaflets, a few lingerers and an isolated handful of sellers of the Militant newspaper. Others may man their posts only when the crowds are there, but the Militant sellers sing it out during the empty hours as though it were their last chance.

Even before yesterday's vote accepting the introduction of a register of groups permitted to operate within the party—a register designed primarily to exclude the Militants—it was clear that they had been abandoned for the time being, to their fate.

The more powerful groups of the Left—the Labour Co-ordinating Committee, the Campaign for Labour Party Democracy, the London Labour Brien's and others—do not appear willing to stick their necks out for Militant.

Leading left-wing figures, like Mr Tony Benn, Mrs Frances Morrell, Mrs Audrey Wise and Mr Reg Race, have already spoken out at fringe meetings, savagely attacking the "witch hunt."

Others will, no doubt, continue to do so throughout the conference week and for many months to come. But it seems

Lord Underhill, the party's former national agents, who drafted its report on "entryism" from the far Left.

to be accepted generally that, this time, they are not going to organise a major campaign of resistance. And organisation is their most effective weapon.

The next general election is too close. The Militants too unpopular, the union leaders too determined, for it to be worthwhile.

"They're all running for cover," one senior Militant supporter commented bitterly yesterday.

The decision on Sunday by the Transport and General Workers to support the register dashed the Militants' remaining hopes of winning yesterday's vote. They now fully expect moves to expel members of the Militant editorial board and probably the eight Militant supporters who have been selected as parliamentary candidates.

This, the Militants say, will lead to an enormous backlash at grassroots level — among constituency parties and trade unions—which will eventually bring them back into the party with redoubled strength.

But the view among left-wing MPs is different. Many of them regret the register and predict trouble in a few staunchly Militant areas, such as Liverpool and Brighton. But these areas, they say, will be isolated, a few constituency parties may be disbanded and the Militants will be a spent force.

The Militants are preparing to make things as tough as possible for the new national executive committee, which will have to implement the conference decision. Most of their parliamentary candidates have already severed all formal links with the Militant newspaper and its publishers, removing the grounds on which they could be identified as belonging to the "inner core."

But apart from the Young Socialists, the Militants appear to have few allies ready to do more than make sympathetic noises, which may embarrass but are unlikely to obstruct the NEC.

Margaret van Hattem

Widening of health pay campaign rejected

LEFT-WING demands for the widening of the campaign on health workers' pay into a drive to topple the Thatcher Government were decisively rejected by the Labour Party conference yesterday.

The conference also inflicted another defeat on the hard Left by turning down, by 5,537,000 votes to 1,205,000, a resolution seeking to bring retail chemists within the party's firm commitment to take the pharmaceutical industry into public ownership.

Doctors were among the principal targets of a successful left-wing move to secure a policy commitment to bringing the medical profession into the National Health Service as employees. A margin of 5,793,000 more than satisfied the requirement of a two thirds majority in the vote.

Nurses from local hospitals who are members of the Confederation of Health Service Employees (Cohse) were given a standing ovation during a debate in which delegates promised full support for the regional demonstrations which are to start with Merseyside on Monday as a follow-up to the nationwide Day of Action.

Mr David Williams, a Cohse member who replied to the debate on behalf of the national executive committee, committed the next Labour Government to providing a better deal for health workers but refused to align himself with advocates of a £90 minimum wage and a 35-hour week.

He said that the terms of the future pay structure for the health service must be left to the new arrangements for pay determination to be established by the Labour Party in consultation with the TUC.

Mr Willams reaffirmed an NEC statement condemning Government proposals aimed at reducing the cost of the health service to the taxpayr by encouraging the wider use of private health insurance schemes.

The NEC undertakings included an assurance that the health service would continue to be funded from general taxation, the phasing out of all charges and the removal of hospital paybeds and private practice from the service.

The NEC also undertook to introduce strict controls on the private sector, with suitable parts being incorporated into the health service. That would be coupled with a ban on the further development of new private hosptals.

Mr Albert Spanswick, general secretary of Cohse, said the take-home pay of a quarter of a million health service workers was less than £82 per week—below the poverty line fixed by the Government.

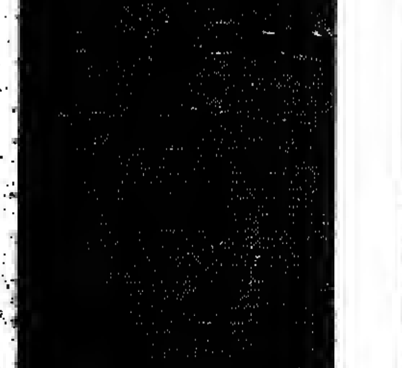
To cheers, he declared: "We have taken on the Government and we will show them that we can stand and fight and fight and fight again."

Mr Ken Cameron, of the Fire Brigades Union, called for introduction of a linkage formula which would ensure adequate annual pay increases for health service workers without industrial disputes.

A call for action to force the Government out of office was made by Mr Ian Harrison from Fulham. Insisting that the time had come to stop "pussy-footing around with half measures," he said private medicine should be abolished.

Mr Clive Jenkins, general secretary of the Association of Scientific, Technical and Managerial Staffs (ASTMS), pressed for an investigation into the way in which the police ended a peaceful sit-in at the weekend by 12 hospital workers who had occupied a hospital laboratory at Kirkcaldy.

He said 43 policemen had smashed open a plate-glass door. The 12 workers staging the sit-in had been interrogated for more than two hours before being allowed to see their legal representatives. Young women had had their tights and bras removed "because it was thought they might commit suicide," Mr Jenkins added.



Albert Spanswick: ready for prolonged battle

Shifting alliances affect union votes for NEC posts

THE RESULTS of the elections for the Labour Party's national executive committee, to be announced today, are critically dependent on shifting alliances between trade unions.

The replacement of Mr Les Huckfield MP by Mr John Evans MP in the Labour clubs section is regarded as a certainty. But most observers also expect some changes in the trade union section, which the unions control.

The General and Municipal Workers' Union, the country's third largest, holds the key, though it is being kept hidden from view by Mr David Basnett, the union's general secretary.

It appears likely that the union has put its 650,000 votes behind Mr Tom Sawyer, deputy general secretary of the National Union of Public Employees. This would secure for that union the permanent place on the NEC to which it believes its size, as fifth largest union and the party's fourth largest affiliate, entitles it.

The victim of the move could be Mr Doug Hoyle MP, former president of the white-collar Association of Scientific, Technical and Managerial Staffs, for whom the GMWU voted last year.

Both Mr Sawyer and Mr Hoyle are left-wingers, although the developing alliance between the GMWU and Nupe on issues like low pay could lead to some untypical voting.

A much more serious effect could be on relations between the GMWU and the Electrical and Plumbing Trades Union. These two unions have been holding merger talks for the past two years and have reached the stage of preparing a formal document which was to have been considered by their leaderships in November.

The EPTU has held, however, that the success of the merger was dependent on the GMWU vote going to Mr Tom Breakell, the EPTU president. Electricians' leaders said last night that if the GMWU vote did not go to Mr Breakell, the merger would be called off.

The talks might have been abandoned anyway because Mr Terry Duffy, president of the Amalgamated Union of Engineering Workers, has recently been in touch with Mr Frank Chapple, the EPTU's general secretary, to ask him to reopen talks on a craft union merger. Both men have long favoured such a course.

Hart issues call for unity

THE PARTY chairman, Dame Judith Hart, emphasised the need for unity, with total mobilisation of energy and capacity to explain and project party policies, if an election was to be won.

Opening the conference she said: "So much of the answer lies in our own personal commitment to dedicate our time and our thinking to our united purpose of electing a Labour Government intent upon carrying out the three imperatives of our socialist policy: industrial reconstruction, leaving the Common Market and nuclear disarmament.

"It is only within the context of these policies that we will be able to thrust forward the radical proposals of Labour's programme 82 for the enrichment of the lives of our people."

Expansion in the public sector would spearhead a Labour Government programme for regeneration of the economy, she said.

Dame Judish added that the impact of micro-electronics would force change upon British workers. "We can cope with that. We can have shorter working weeks and shorter working days. We can re-educate, we can learn new things to do with the "own time" we shall have. We can work out ways of using "own time," to enrich our own communities.

"But when a Government destroys the confidence of people in themselves and in each other, it creates a catalyst of social reaction. That is what this Government has done."

Dame Judith added that the a Government destroyed the confidence of the nation in itself and replaced a sense of success by the frustration of failure, it was laying the foundation for social havoc beyond its ken.

Dame Judith: three imperatives of socialist policy.

● The first row of the conference erupted only minutes after Dame Judith had made her speech. It was over a "printing error" in the agenda.

The resolution calling for renationalisation of industries sold off by the Tories said clearly that it should take place "without compensation" in the case of British Telecom.

There was uproar when the official in charge of which resolutions should be debated, Mr Derek Cladwyn, said there had been a blunder. The words "without compensation" were not supposed to be there.

Mr Eddie Loyden, a former MP, led protests against having the words removed, claiming they were meant to be present.

But Mr Cladwyn insisted there was a genuine mistage and put the error down to pressure of work on printing staff. The words were duly erased.

End to 'means test' demanded

ALL social security benefits should be paid as of right, without contribution tests, a majority of delegates agreed.

This was despite a plea from Miss Gwyneth Dunwoody of the national executive committee, who asked conference to remit the composite resolution for further consideration.

Miss Dunwoody announced that if Mr Norman Fowler, Secretary of State for Social Services, did not change his attitude towards the health workers in the first week of parliament later this month, the Labour Party intended to move a motion of censure against the Government.

Ms Carol Corbett of Cardiff West said in moving the motion: "The unemployed, the sick, the young and the elderly should be able to receive benefits as of right and not be subjected to means tests."

The value of benefits should be protected by linking them to the increase in earnings or prices, whichever was higher. This should be effected in the first budget of a Labour government.

Legislation to tax unemployment and social benefits should be repealed and all future social benefits should be based solely on individual need. Mr Corbett called for legislation to give claimants a right to free legal representation at tribunals.

She also urged amendment of the Official Secrets Act so that it would no longer cover the provision and administration of social security.

Miss Dunwoody said that it was not the Official Secrets Act that was of concern and there were instances where, perhaps, the individual needed greater protection.

Problems would arise if a Labour government attempted to repeal the legislation on taxation of social security benefits. "There would be instances where we are prepared to support aome form of taxation."

Ms Jane Tonner said the Labour Party was adept at identifying the problems concerning social security but "pitiable at providing the solution." She said: "This resolution is a commitment to replace social security with socialist security."

Ms Mary Honeyball, of the Association of Labour Social Workers, moved a resolution on personal services which was approved by conference. "In the past we as a party have not given the personal social services the attention they really deserve," she said. It was not enough to restore the Tory cuts.

Mr Len Baden, Oxford, spoke on the recent social security fraud investigations in that city and said there was a double standard in society. Thus it was deemed perfectly legitimate "for the rich man in his castle to arrange his accounts to show nil profit." The real crime was the low level of benefits paid to claimants.

Benn denounces 'fascist ideas'

MR TONY BENN has attacked three popular national newspapers for putting out "ideas associated with Fascism." He told a fringe meeting on the eve of the conference that the Government's handling of the Falklands campaign had led him to reread Mussolini's autobiography, Hitler's Mein Kampf and Attlee's writings.

"What I am saying, and please understand me, what I am saying is this and no more, is that the ideas of fascism and the idea that you must crush domestic debate, that was Mussolini's great case for marching on Rome.

"The idea that trade unions are nothing betetr than thugs who must be crushed ond the idea that you must glorify militarism and nationalism, these ideas which were associated with the fascism of the 1920s and '30s, are now appearing day after day in the Sun, Express and Mail."

He added: "Whtever you may think about the decision on the task force, and I was wholly opposed to it from the otuset, the use of war and militarism in Britain for domestic and political purposes, was one of the most frightening things any of us will have seen in this country.

"The fact that day after day these poor wretched soldiers and sailors who have come home after being greeted as if they were returning from the Boer War or Zuln wars is an episode that I thought had been buried away in the days of Victorian Imperialism."

Mr Benn added that for the Labour movement to succeed greater unity of the Left was needed in Britain." That's why we want to see the Labour and trade union movement working closely together, as we did on the day of Action, and that is why, I might add, we don't want to expel good socialists from the party at this particular moment."

Diving for cover

DELEGATES dived for cover when a television cable crashed through the glass roof of the Floral Hall at the Winter Gardens. Glass was sent flying all over the hall as delegates were on their way through it from the main conference chamber. One man received treatment for a cut to his back.

Trade unionists to pay more for party membership

THE DEFICIT of £320,000 reported in the party's general funds, compared with a deficit of £165,000 in 1980, led to heated debate at the conference yesterday. It resulted in approval of a 5p per member per year increase in affiliation fees for organisations other than constituency parties from January next year.

Some 48 trade unions with a total membership of more than 6m are affiliated to theparty.

Mr Eric Varley, introducing the proposals from the national executive committee for eliminating the deficit said: "For too long we have lacked the political and administrative will to match expenditure to income."

Mr Alex Kitson, of the Transport and General Workers Union and chairman of the NEC's finance and general purposes committee, said the gravity of the financial situation had caused him to be summoned by the party's bankers.

"Unless something is done financially within the party, we are going to be in great difficulty within the next three to four months."

The party's chief auditor, Mr Vic Lloyd said that scapegoats could not be found among the party's office staff as they only did what they were told to do by the NEC.

Two delegates said that those on the left of the party should not be blamed. Mr Dave Nellist, of Coventry South East constituency party and a prospective parliamentary candidate, said working people would give the party money if they were convinced it was a socialist party.

Mr Paul Harford of Redcar said: "The lessons we have to learn is that socialist policies can build us membership. Socialist martyrs are not going to build the finances of the party."

Mr Varley said there were several reasons for the deteriorating financial position. First was the backdated pay settlement to head office and regional staff bringing salaries in line with the TUG. Because of this a restructuring exercise took place which resulted in unbudgeted expenditure. "The result is that we are now paying our staff better than at any time in the history of the party."

Moving the party's headquarters to Walworth Road in London had cost an extra £250,000 a year in rent and rates. The NEC had adopted a plan to eliminate the overdraft by the end of 1983 which entailed a turnaround of £800,000. Some administrative changes might have to be made. If necessary these would be brought to conference next year but, at present, the NEC was looking to increase income by raising affiliation fees to 50p from the present 45p.

To fight a general election Mr Varley said the party needed about £3m and an appeal fund would be established soon with a target of £1m for the end of this year.

Members could also help by buying Labour Weekly, the party's newspaper which in July last year sold 19,100 copies, but only 16,260 in the same month this year. Its deficit in 1981 was in excess of that budgeted for.

Mr Stephen Carr of Petersfield constituency party rejected what he called "the Tor yapproach." The main mechanism for restoring the cash position had to be investment and expansion. It was nonsense that the party did not have a full-time membership officer or a full time professional fund-raiser.

Mr David Basnett of the General and Municipal Workers Union said: "We are doing our utmost to support the party." He promised support for the general election fund and said the £3m would be raised by next year. If an election was to be won there was a need for organisation, money and administration, but most of all, there was a need for the will to win.

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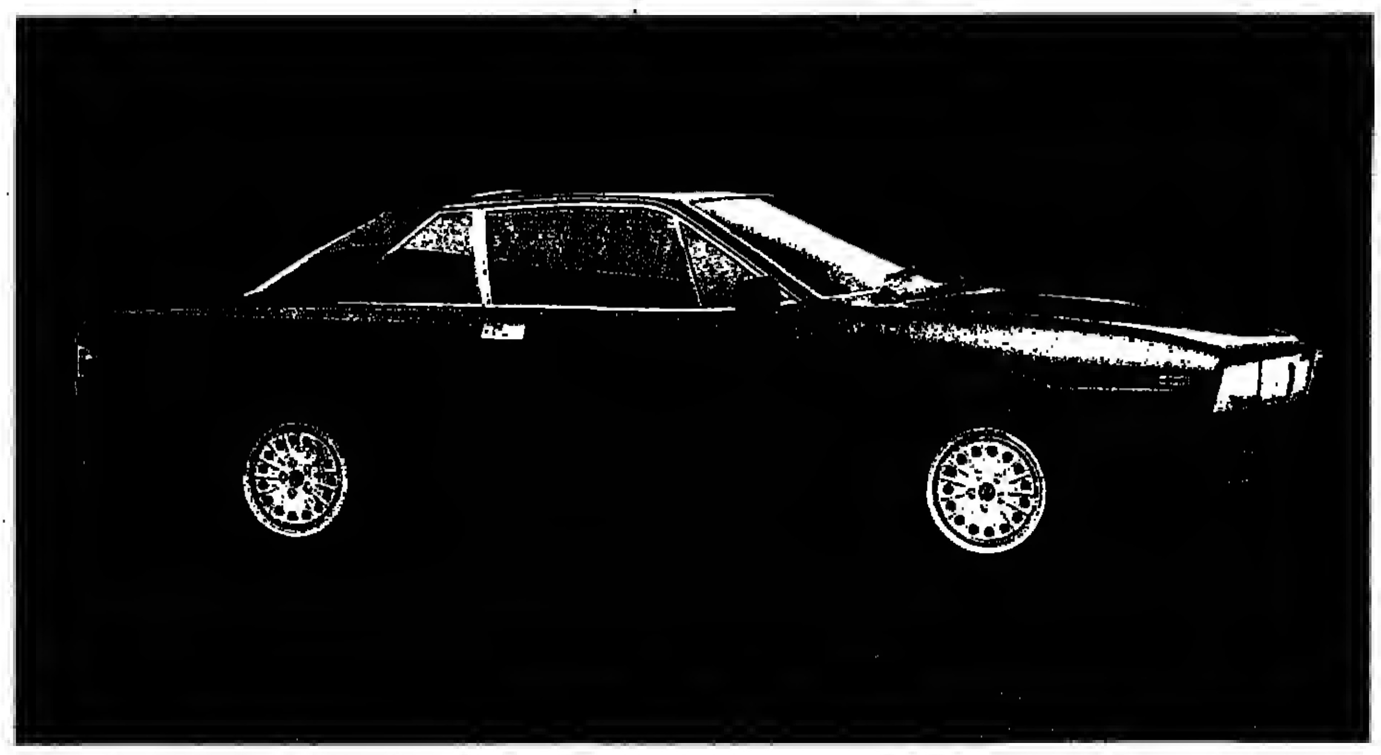
DELTA. The Delta was voted Car of the Year on its first appearance in 1980 by the world's motoring press. Compact and classic in line it is also totally practical and functional without sacrificing driver or passenger comfort. Equipment includes 1500cc overhead cam engine, five speed close ratio gearbox, high quality velour upholstery, independent suspension all round, front wheel drive, and six year anti-corrosion warranty, and 1 year's RAC membership. (The alloy wheels illustrated are available as an optional extra.) Price from £5,429.

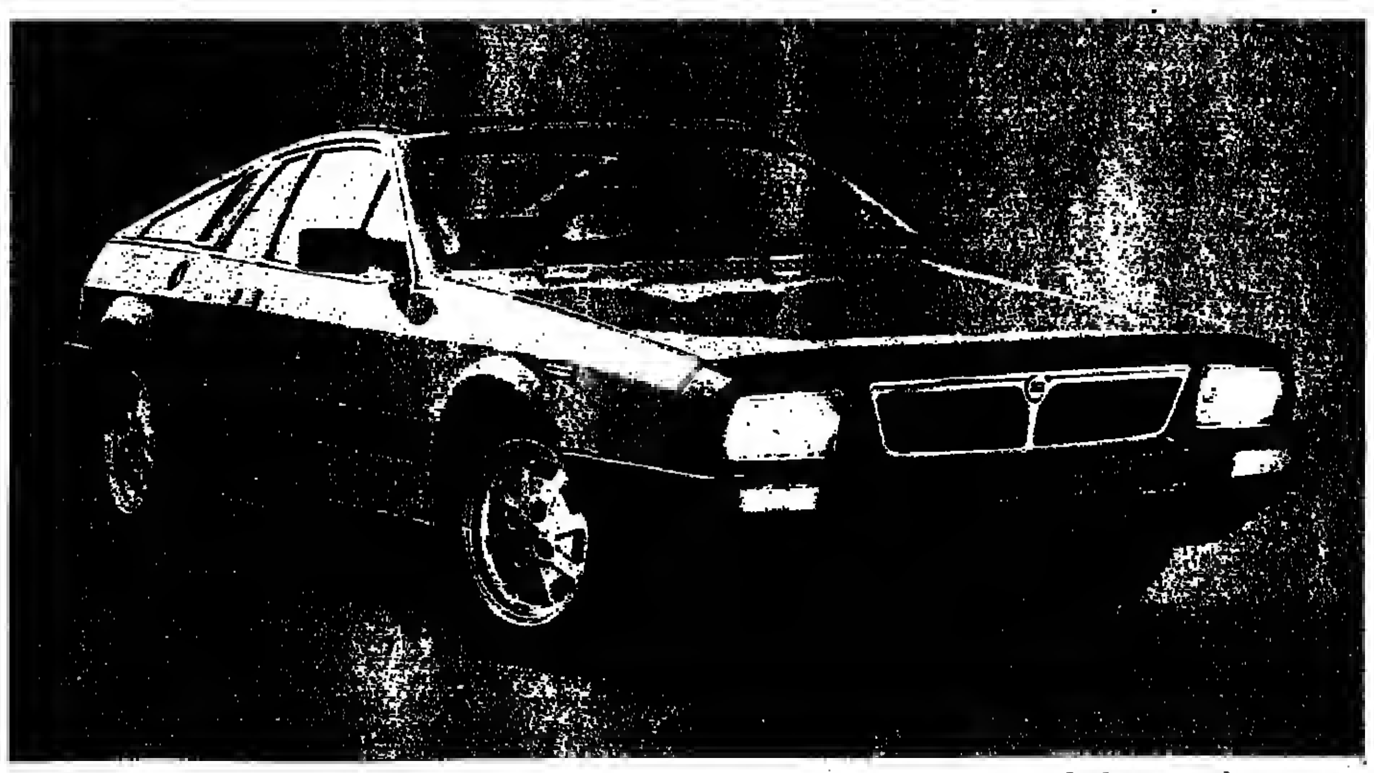
GAMMA SALOON. The Gamma Saloon was designed by Pininfarina to carry five adults in space and luxury. At its heart is Lancia's own 2.5 litre horizontally opposed engine which produces smooth and sparkling performance. Standard equipment includes a five speed gearbox, power steering, electric windows, tinted glass, rear seat belts, head restraints front and back, and, of course, Lancia's six year anti-corrosion warranty, and 1 year's RAC membership. Price from £9,367.

COUPE. In the 1950's Lancia introduced the first Gran Turismo in the shape of the Aurelia: a coupe of unusual elegance, power and performance. Above, you see the new heir to that first Coupe. It sports a powerful 2000cc twin overhead cam, fuel injected engine mounted transversely. All round independent McPherson strut suspension. A five speed gearbox. Front wheel drive. A superduplex braking system that has discs all round. Alloy wheels. Low profile Pirelli P6 tyres. Electric windows. Power steering. A six year anti-corrosion warranty, and 1 year's RAC membership. A sliding steel sunroof. 0-62mph in 10 seconds flat. And a top speed of 116mph. Price from £6,995.



GAMMA COUPE. Designed by Pininfarina, the Gamma Coupe is in the Lancia Gran Turismo tradition: a classic 2+2. Powered by Lancia's own 2.5 litre 'boxer' engine, the long sleek lines conceal a remarkably spacious interior that is as roomy as some four door saloons. Equipment includes all round independent suspension, five speed gearbox, power steering, electric windows, tinted glass, rear seat belts, integral head restraints, and a six year anti-corrosion warranty and 1 year's RAC membership. Price from £11,900.

HPE. Both the 1600cc and 2000cc versions share all the elegance, performance and standard features of the Lancia Coupe with the additional convenience, extra passenger space and load capacity of an estate car. These standard features include all round independent suspension, a five speed gearbox, alloy wheels, power steering, individually folding rear seats which when down offer you 42 cu.ft. of space, as well as a six year anti-corrosion warranty. While on the 2000cc version there's also a twin overhead cam fuel injected engine, electric windows, sliding steel sunroof and figures of 0-62mph in 10.2 seconds and a top speed of 112mph. Price from £6,910.



MONTE CARLO. The Monte Carlo turbo sports car, the racing companion to the Monte Carlo you see here, convincingly won the Division One World Manufacturers Championship. The road version shares the same basic engine, mounted centrally and transversely. Other race bred features include large disc brakes, all round independent suspension and a driving cockpit that is fully equipped for the maximum driving pleasure. Yet none of this is at the expense of interior room or comfort. And it comes with a 6 year anti-corrosion warranty, and 1 year's RAC membership. Price from £8,990.

THE LANCIA MODELS SHOWN COME WITH A SIX YEAR ANTI-CORROSION WARRANTY WHICH COVERS ALL MAJOR PARTS, AND IS SUBJECT TO ANNUAL INSPECTIONS BEING CARRIED OUT BY AN AUTHORISED LANCIA DEALER, THE COST OF WHICH IS BORNE BY THE VEHICLE OWNER. PRICES AND SPECIFICATIONS CORRECT AT TIME OF GOING TO PRESS. LANCIA MONTECARLO SUBJECT TO AVAILABILITY. LANCIA GAMMA COUPE COLOUR AS SHOWN FOR ILLUSTRATIVE PURPOSES ONLY. PERFORMANCE DATA SOURCE: FIAT SPA. EVERY NEW LANCIA INCLUDES MOTORING MEMBERSHIP OF THE RAC FOR 12 MONTHS FOR ITS OWNER PLUS WIFE OR HUSBAND.

Lancia: the driver's car.

LANCIA

TECHNOLOGY

EDITED BY ALAN CANE

All in a day's work for the earthquake experts

Shaking the place into little pieces

BY ROY GARNER IN TOKYO

CONSTRUCTING seven-storey buildings for the sole purpose of shaking them to pieces might seem a reckless form of scientific research, but such exploits are all in a day's work for Dr Masayoshi Nakashima and his fellow engineers.

They work in the earthquake study section of Japan's Building Research Institute at Tsukuba, the new "science city", 40 miles north-east of Tokyo.

Within a massive custom-built "laboratory" building, the Japanese have constructed what they claim are the world's largest earthquake simulation facilities.

Their aim is to learn more about the behaviour of building structures during earth tremors and hence better protect themselves from one of Japan's major threats.

Rather than leaving things to chance observation as in the past, they can now create their own earthquakes and watch the results.

Although the centre contains a variety of seismic research facilities, the centrepiece is undoubtedly the large scale test-bed. This consists of a vertical concrete block 20 metres long and 25.5 metres high and with a thickness of 6.6 metres, on either side of which are integrated floor surfaces providing a totally rigid platform upon which to experiment.

Dr Nakashima

On either of these two floors, full size mock buildings up to a height of 25 metres, and with a floor area of 300 sq metres can be constructed. Hydraulic jacks built into the central concrete block are used to rock the structures horizontally.

Swathed in wiring, the building under test sways back and forth, the jacks providing up to two metres maximum "travel," while sensors attached at strategic positions feed information on the stresses and strains being produced through to a battery of computers in an external control room.

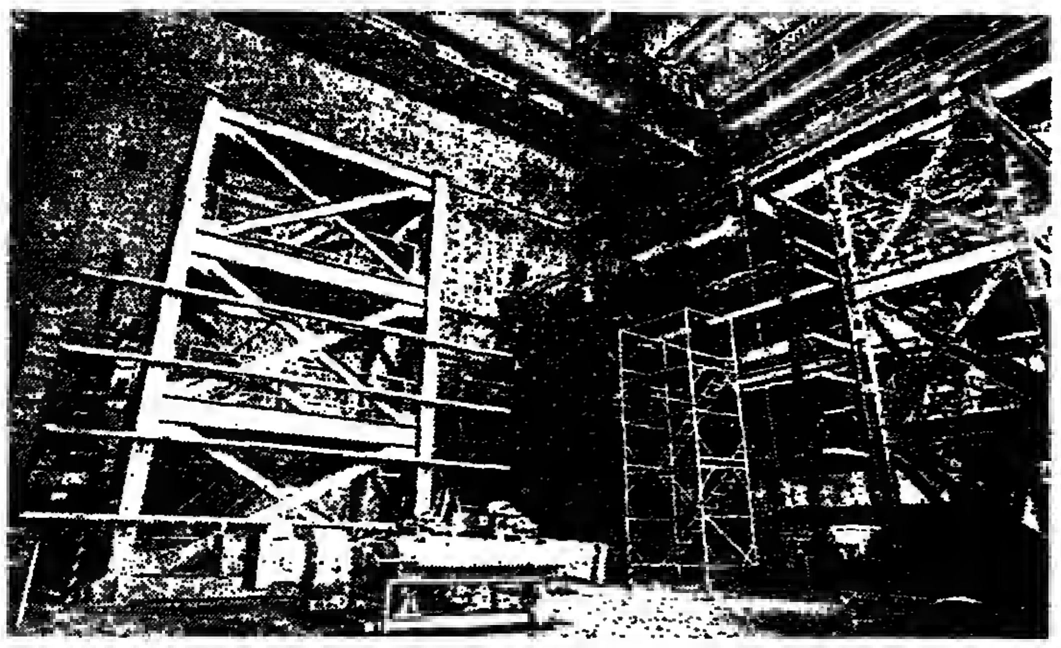
The swaying is normally conducted in slow motion, and the equivalent of one second of a simulated quake can last up to four hours in practice.

Once the test is in progress only three people are required to operate the computer supervised closed-loop testing system, and to keep an eye on the TV monitors which give visual access to especially crucial sections of the structure.

Computer control is needed not only because of the complexity of the measurements to be made, but also for safety reasons. An instant warning of imminent structural failure is essential to safeguard those in the vicinity of the test-bed, and such failure often arrives without any visible sign.

Sometimes the degree of movement simulated is little more than a vibration, and test programmes often continue for many weeks before each mangled and buckled edifice finally ends its useful life. This spectacular wreckage can be seen piled up in something akin to a building graveyard, in one corner of the laboratory.

But with some buildings now going up to 60 stories in Japan, one might ask why no structure of skyscraper dimensions has been built for shake tests. In fact, one did nearly come about. When the institute was planning the relocation to its present spacious site from its old HQ in downtown Tokyo, the government asked for an outline of the new facilities it preferred.



The Tsukuba earthquake simulator test-bed. The concrete anchor wall is in the background, with the mock building on the right and the vibrator jack in the foreground

One proposal was for a 40-storey building demolition test-bed. The plan was dropped because the huge cost could not be justified by the limited number of structures the findings might be applied to. The choice of a seven-storey capacity unit was made because it offered results which could be directly related to a very high percentage of buildings in Japan.

Scale models offering a ratio of 1:2 can give quite accurate projections for structures of up to about 20 storeys. Beyond that height, according to Nakashima, structural technology becomes very specialised on all fronts, and is heavily related to unique local factors. Nakashima points out that they have concentrated on the study of buildings, ahead of other structures such as bridges, because they are seen to have a more immediate bearing on public safety.

The Japanese Government provides the Institute with a total annual budget of about £4m and a further £850,000 is contributed by other agencies for special research projects.

Earthquake fault lines show no respect for national boundaries however, and it is, therefore, fitting that the seismic test department of the institute is home for what Tsukuba researchers describe as the most successful fully integrated joint international project yet attempted in Japan.

Under a U.S.-Japan co-operative research programme, the U.S. has contributed considerable funding and some of its leading experts in seismic research for a lengthy project at the Tsukuba centre.

Americans and Japanese "do the same work at the same desk," as one engineer put it. In addition, there is a special training programme for students from overseas offering courses in the principles of earthquake engineering and seismology to about 20-25 participants per year.

Large scale seismic tests have been conducted for nearly four years now, as the research is very long-term, involving extended data processing. Concrete results are at least a year away, according to Nakashima, although "personal opinions abound."

The motivation to get results fast is undoubtedly strong. Japan is highly earthquake prone and Tokyo, which has 50 perceptible earthquakes per year, is especially at risk with its concentrated urban sprawl. In September this year the Government's Administrative Management Agency, the senior body responsible for counter-measures against earthquakes, announced that present contingency planning is "defective," and a newspaper columnist went further to say that anti-disaster measures are "extremely insufficient."

The occasion for this criticism was the 59th anniversary of the 1923 Great Kanto Earthquake, which registered 8.3 on the Richter scale, and left more than 100,000 dead and 2.5m homes destroyed in the Tokyo region.

A senior spokesman of the Earth Research Division of the Construction Ministry said in May that, after recent studies, he considers an occurrence of a 6.5 magnitude earthquake in the Northern Izu peninsula, close to Tokyo is "undeniable in the next two or three years."

Although many present day structures offer considerable protection against earth tremors, largely through "over-building", with heavy steel frameworks, estimates of damage in a severe quake vary.

During a recent survey of counter-measures in one provincial city, prefectural authorities submitted a damage estimate of 64,000 houses destroyed, while the city authorities came up with an independent figure of 328,000.

The Tokyo Government estimates that a 1923-type quake would claim 36,000 lives and cause 300 fires, which is understandably regarded with some scepticism.

VIDEO AND FILM

Quality—the next target to beat the pirates

BY JOHN CHITTOCK

A LITTLE over 20 years ago, it was inconceivable that hi-fi would become a mass consumer product. Enthusiasts in search of perfection in sound had to build their living rooms around the loudspeaker system to provide the perfect "enclosure" (to baffle sound waves coming from the rear of the speakers).

Britain had an enviable lead in that specialist art, with the world's pioneering design for a hifi amplifier (published in Wireless World by D. Williamson) and unbeatable manufacturers such as Wharfedale, Quad and Partridge.

Fuzzy pictures

The mass appeal of quality in sound, helped by the Japanese, changed all that. Yet the current consumer boom in video has occurred through a technology which has been characterised by appalling quality—often fuzzy pictures, dreadful sound, spurious flashes, moiré patterns and tonal defects. Some later generation machines have even sacrificed picture sharpness in a trade-off for extra facilities or so-called "bells and whistles."

Thankfully, growing numbers of people in the video industry are beginning to recognise that quality—in picture and sound—should become the next major goal. If the consumer could be educated to recognise higher standards—as happened in hi-fi—what boost might this give to the industry? And what a blow this could deliver to the video pirates, whose illicit copies are almost by necessity inferior in picture quality.

Excluding tape

Although there is plenty of room for improvement in the performance of domestic video recorders, the most visible weak link in the chain is in the video duplicating business. Complaints about poor quality video-cassettes are frequent, and whereas the reason may often turn out to be that a pirated copy is involved, this is not always the case.

Video duplicating is a skilled business, involving expensive equipment which requires daily maintenance and adjustment. Regrettably, not all video duplicating houses are equipped with state-of-the-art equipment, and there are still some who have not the skill or the determination to get the best out of their systems.

The problem is compounded by the competitive nature of the business, with duplicating costs (excluding tape) now as low as £1.50 or even less per copy of a feature film on large orders.

I have seen enough bad quality cassettes in recent times to draw my own conclusions, but assessment of quality is a hazardous and almost subjective art because one never can be sure how much blame to attach to the original material from which the copies have been made.

Recently, however, a cassette came into my hands with extracts of three feature films—all transferred from good quality 35 mm prints, each by a different video duplicating house.

A fourth video duplicating company also made transfers of the same three sections. These transfers were all made, as the process demands, on to one-inch broadcast-standard videotape; this provides the duplicating master which feeds the tens or hundreds of slave machines on which copies are run off (in real time).

Armed with four one-inch masters, the last video duplicating house prepared a VHS video-cassette copy in which the screen was split into two halves—the left-hand taken from one master, the right-hand from their own master. A direct comparison of quality was thus possible.

Ultra-violet

The result is very disturbing. Of course, the laboratory which carried out this exercise emerges with flying colours—the other three with colours of varying hues. The faults reach their extremity in one copy, which has a colour cast similar to the yellow ultra-violet sunshade in a draper's shopwindow.

Other problems in all three comparison copies are of the type to which every video viewer should be sensitive (but generally isn't). Poor definition, loss of contrast range so that highlight areas bleach out and shadow details block up, excessive "noise" on the picture—that is, sparkle in dark areas especially blue shadows.

The distributor of the feature films co-operated in this experiment and I have confidence that no dirty tricks were played! It highlighted where much of the trouble in vid... duplicating occurs—in the p... paration of the video mas... from which the cassette cop... are made.

This process involves hi... experienced operators who c... manipulate the film-to-ta... transfer skilfully—viz grad... for density, colour and oth... parameters. It also demands t... best telecine machines mon... can buy—cheap at £500,000 ea... It is not good enough to use... last-up tas some small outf... do) which is little more than... TV camera pointing into t... lens of a film projector.

Pretty awful

Reeling from this experien... all other cassettes passing t... way in the last two weeks ha... come in for close scrutiny. Guild Home Vide... release of Dallas, for examp... which at its London Pr... launch on video projecto... looked pretty awful.

Another copy viewed later... my own TV receiver (whi... gives excellent quality) w... very acceptable, but suffer... from picture "noise" and slig... variations in volume level... the sound track.

The latter fault also occ... on a BBC videocassette of th... Falklands battle story—possib... due to dirt on the sound head... the slave unit it was copied o... But otherwise the quality... the BBC cassette was first cla... likewise the Granada/ITN co... of their own Falklands vid... programme—perhaps the be... overall quality I have seen... videocassette for some time.

Since both were originated... U-matic video recorders a... some 16mm film—not larg... more expensive formats—... underlines the point th... duplication holds the key... quality.

Slave machines

With the arrival of ster... sound for video, the duplicati... houses now have a furth... challenge. One—Kay Labo... tories—has been demonstrati... its answer, using new Panason... slave machines and achievi... very impressive results.

If hi-fi pictures and sou... can be introduced into hom... video—possibly in the next f... years—it could provide a bo... at that critical time when t... video boom is flattening out.

FINANCIAL TIMES SURVEY

Tuesday, September 28th, 1982

CANADIAN BANKING AND FINANCE

Canada and its financial institutions have had their fair share of trouble this year: recession and shaky loans at home and abroad have taken their toll. The banks need a period of consolidation. Economic and prudential considerations are coming to the fore, but the underlying strength of the system remains

Waiting for a better climate

BY W. L. LUETKENS

POOR LITTLE rich girl. Canada quite recently was regarded as the country of the future. Its banks were towers of strength in the world financial system.

Now all is supposed to have changed. The economy is in distress. The banks have been caught badly off guard in a world where sovereign risk has turned out to have a real element of risk. At home a spate of insolvencies and the often-rehearsed liquidity problems of Dome Petroleum and Massey-Ferguson have caused the volume of bad or problematic loans to rise drastically.

The political and economic climate in which the banks and other financial institutions have to operate has become at best uncertain or outright bad. Unemployment is at its highest since the war; hardly any progress has been made against inflation. The standing of Mr Pierre Trudeau, the Prime Minister, and his Liberal Party is low indeed; its policies are something of an enigma.

Foreign investors, whom Canada needs to develop its potential and to balance its external accounts, regard the country with suspicion because of a critical attitude to direct foreign investment in Canada and a national energy policy intended to end U.S. majority control of the Canadian gas and oil industry by 1990. The nationalist traits have not been much in evidence this year, but the pendulum could swing again. Only events will show the implications of a two-phase Cabinet shuffle begun in September.

Thus there are plenty of problems that require attention. But that should not obscure the fact that many of them are either passing or not peculiar to Canada. Not only Canadian banks have burnt their fingers in Mexico and other countries jolted by the weakness of the world oil price. Bankruptcies and near-bankruptcies have occurred elsewhere, too.

So has unemployment: the Canadian rate of 12 per cent is not the highest in the industrialised world (and, moreover, because of different ways of calculating it, there is a rule of thumb that you have to deduct some two percentage points from the Canadian figure to make it comparable with those from Europe).

Gravity

The temptation is strong to overestimate the gravity of the difficulties in all but the short term. The recession will not last for ever. Canada does meet 80 per cent of its oil needs from domestic sources and there are potentially commercial reserves of oil and gas off the Atlantic coast. The energy bubble of the mid-1970s may have burst, but oil is still oil.

A rather similar pattern is presented by the banks. In their case, too, a bubble has burst. The rapid growth of assets, especially of foreign assets, has slowed to 10 per cent this year, or less than the rate of inflation. A lending splurge to finance takeovers and real estate development has abruptly ended.

As already noted, this slowdown has left bankers with a large book of dubious or bad loans. Actual loan losses of C$850m (about £405m) last year, compared with aggregate assets of C$341bn on October 31 last, may swell to something in the region of C$2bn this year, though that figure is only an informed guess.

The interest cycle has added to the banks' discomfort. Declining rates act more quickly on the liabilities side than on assets so that margins have suffered. Overall bank profits have fallen by 20 per cent since the current year of account began on October 31 last. The fourth quarter may steepen that decline.

But as in the case of the economy at large, one should not lose sight of the wood for the trees. The Finance Committee of the Canadian House of Commons, in a recent report, judged the banking systems to be sound, though it did express concern about excessive lending—now largely under control—and about deteriorating capital ratios. Perhaps the committee had no choice: a more critical judgment could have backfired seriously.

None the less, the committee's view carries weight. The big Canadian banks are constructed on the British multi-branch system and have a firm deposit basis. They have been spared repetitions within Canada of the fraudulent or near-fraudulent scandals that have hit banks in the U.S. In the boardrooms the need for consolidation has been recognised by setting loan limits and by attacking overheads.

Some of the circumstances are working in the banks' favour. The great takeover wave is over and so is the scramble to finance oil and gas development even where the prospect of an early return was dubious.

The hangover remains, but it has brought home the need for consolidation and prudence. There may even be a small consolation prize. As one prominent banker remarked wrily, the eagerness with which some banks jumped on to the takeover bandwagon when it was already rolling last year disproves the allegation that Canadian banks do not compete with each other.

Inevitably there are elements of oligopoly in a system where five big banks do almost 90 per cent of the lending. Recent experience shows that these elements need not be an altogether bad thing. The traditional Canadian pattern is for one customer to deal with one bank: loan syndication is a comparatively recent development. It is likely to be accelerated because individual loans—and risks—are increasing.

Yet the official line is that a little more competition will not hurt. That is one reason (there are others) why foreign banks have been allowed to set up in Canada (though under severe restrictions, dealt with in a special article of this survey). The wish to encourage competition also explains new draft legislation to enable trust companies to expand their commercial lending to 15 per cent of assets, as against a limit now of 7 per cent on commercial and consumer lending together.

Trust companies are a power in the land, holding assets of C$68bn, mostly in mortgages, and providing almost complete retail banking services. The interest cycle has given them a rough ride recently, but unlike their equivalents in the U.S. they have not become hopelessly locked into long-term mortgages at low interest rates.

The traditional pattern in Canada was for mortgages to be re-negotiated every five years; now the one-year or even six-month mortgage has taken over. British-style floating mortgage rates have so far been believed to be excluded by the Canadian Interest Act, but that interpretation is being re-examined in Ottawa.

On the broader stage of the economy at large, whose underlying strengths have already been described, policymakers must also do some thinking. The current external account may have improved sharply this year, but structurally Canada needs capital imports to pay for its development. Though some Canadian borrowers have had their ratings reduced this year, Canada still is a welcome borrower in international markets. Last year Canadian bond issues brought in gross capital imports of C$13.2bn.

The trouble is not only a rising tide of external debt service, but a change in the mix of portfolio and direct investment from abroad. The share of the latter has declined steadily over the years. For that to alter, Canada will have to do something to change its image in the international business community.

To that community, and especially to the Americans, the attack on foreign ownership in the Canadian oil industry and the Foreign Investment Review Agency have become like red rags to a bull. Fira advises the Canadian Cabinet whether direct foreign investments shall be authorised or barred. In most cases it says "yes," but nevertheless has become a symbol of Canadian nationalism and interventionism whose fierceness is probably overestimated abroad.

Reluctant

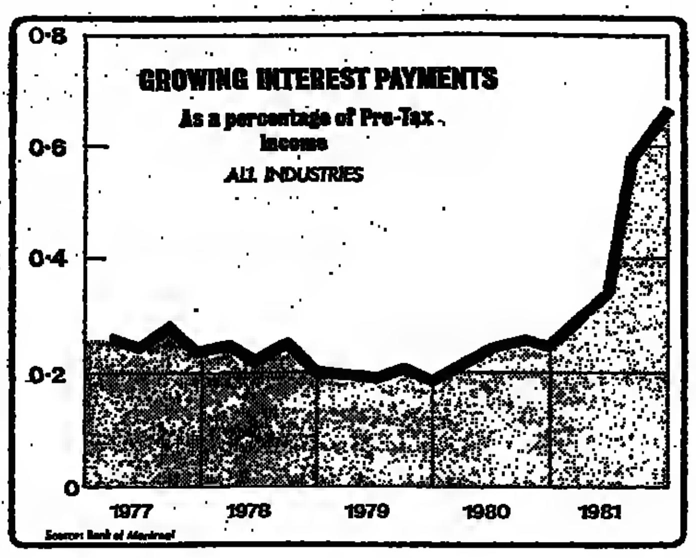
Equity capital is needed not only from abroad. Debt-equity ratios in Canadian industry have declined steeply over the years and the effect has been enhanced by the reluctance of corporate treasurers to take on long-term bonded debt at prevailing high rates of interest. Instead they have looked for bank credit—a factor that has contributed to what now looks like an unhealthily fast expansion of bank balance sheets in recent years.

These are distortions caused by inflation rather than anything specifically Canadian. But they do draw attention to Canada's poor performance against inflation. Though monetary policy has been austere for a long time, it is only recently that a serious attempt has been made to swing fiscal policy into line.

So there is plenty of work marked out for the new Finance Minister, Mr Marc Lalonde. When he was sworn in on September 10 he made all the right noises to soothe the business community, to whom he has been something of a *bete noire*. Beating inflation was the main policy objective, he re-affirmed, differing from several provincial Canadian premiers and from labour leaders who want a reflationary dash for growth.

Business will take some convincing of Mr Lalonde's good intentions. He is the man who put through the National Energy Programme and he has the reputation of being a nationalist and interventionist. But above all he is loyal to Mr Trudeau and will carry out the Prime Minister's wishes.

The trouble is that Mr Trudeau is unpredictable. He has damned and imposed wage and price controls at different times; he has frowned and smiled upon the nationalists. His recent public statements are all in favour of austerity and a programme of voluntary price and wage restraints. But his popularity with the electorate and that of his party are at a very low point. Dramatic gestures are therefore not to be excluded.



CONTENTS

The Trudeau Government hopes voluntary wage restraint will counter inflation. W. L. Luetkens explains why

Economic recovery may prove to be weak

SOFTLY, SOFTLY, while the outside world took very little note, one of the chief Canadian economic indicators has improved out of all recognition. The external current account, for long in deep deficit, has moved towards surplus.

In the first half of this year this surplus came to C$1.6bn (about £760m) on a seasonally adjusted annualised basis. Two questions immediately spring to mind: is that good, and can it last? The answers in both cases are mixed.

The current surplus has taken some of the pressures off economic management, in particular the exchange rate. While it is nowhere near the parity with the U.S. currency reached in the mid-1970s, the Canadian dollar has been relatively strong. But current payments are not sufficiently in surplus for the Bank of Canada to have been able to allow interest rates to fall below those in the U.S. The volatility of short-term capital is too great for that. If those funds were to flow to Wall Street, the exchange rate would fall, adding to the already considerable inflationary pressures in the system.

There is a more fundamental reason for quibbling with the current account figures. The improvement is due to a rapidly rising surplus on the merchandise account, caused in its turn by a slump of imports while Canada is in recession.

As against that, exports have held up remarkably well, despite the odds. Imports this year are down by 13 per cent compared with last year's results, whereas exports have increased marginally by 1 per cent.

Three areas have been the main contribution to this relative success of Canadian exports. The motor industry has profited from U.S. demand for large cars at a time of weak petrol prices, since several Canadian branch plants of the U.S. motor manufacturers make gas guzzlers. The Canadian lumber industry, though in a state of distress, has increased U.S. sales as housing starts there have picked up.

Poor harvests

Wheat exports have profited from Soviet buying, explained in part by poor harvests in the Soviet Union and in part by Moscow's wish to diversify sources of supply away from the possibly embargo-prone U.S.

How durable the improvement of the Canadian current account is going to be is another and more serious question. The odds are that once the Canadian economy turns up again, after four successive quarters during which Gross National Product has declined, the merchandise surplus will shrink rapidly.

Economic expansion sucking in exports is a normal international pattern. But in the case of Canada the effect is enhanced by the structure of the country's trade. Canada is to a great extent an exporter of primary products and invariably runs a large deficit on its trade in manufactured goods.

The implication is that when economic recovery comes, the current account will be in trouble again. The effect may, however, be cushioned by greatly reduced expectations for the country's medium-term future. A year ago the air was thick with talk of 40 multi-billion development projects, largely in the energy field. The recent decline of the world oil price has reduced those hopes.

Manufacturing industry, especially in Ontario, will suffer from these reduced expectations, but the current account could profit from lessened demand for capital goods.

That aside, Canada is, structurally speaking, a country which does normally run current deficits, balanced by capital imports. The reason is that it has a large resource base still in process of development.

As long as imports of long-term capital went into equity and productive things there was no harm in an increasing overall international debt. But of late the tendency has been for an increasing share of imported capital to be fixed interest rather than equity investment, and for much of the borrowing to serve fiscal purposes rather than increasing the capital stock.

As a result, the bill for interest and dividend payments remitted abroad has risen steeply: in the second quarter of this year it reached a record amount of C$4.3bn. That burden will take some carrying once the current account, as it is likely to, reverts to its usual deficit.

If the effect of recession on the current account has been dramatic, its effect on the inflation rate has been a good deal harder to detect. Consumer prices have risen by 11 per cent in a year and show little sign of flattening out. Although the unemployment ratio has topped 12 per cent, wage settlements have been running at 12-13 per cent, as against 6-7 per cent in the U.S., Canada's main customer and competitor.

What that means for industry can be deduced by looking at the index of industrial selling prices, which has been rising by only about 6 per cent annual rate of late. Plainly, there is a fierce profits squeeze. Investment intentions have slumped, with the secondary effect that demand for credit (other than distress lending) is weak. Loan losses suffered by the credit institutions are high.

The other source of pressure on industry is the high level of interest rates, even if they began coming down in the late summer. The result is a serious erosion of the equity basis of Canadian industry, which goes well beyond the crises of particular large companies that have been publicised internationally.

When will matters improve? Canadian forecasters expect an improvement around the turn of this year but admit that it will be moderate only. The Conference Board of Canada has forecast an increase of GDP next year by 3.1 per cent in volume terms, after a decline of 2.8 per cent in 1982. It pins its hopes on export demand—meaning a U.S. recovery—and on a recovery of consumer spending.

Effective

For both factors to that equation to become effective, Canada will have to bring down its inflation rate, not so much absolutely—important though that is—but relative to the U.S. The present Canadian rate (as measured by the consumer price index) is almost four percentage points higher than the U.S. rate.

Government fiscal policy turned anti-inflationary in 1981 when an attempt was made to reduce the budget deficit steeply. But the budget of last November was soon overtaken by events. Recession slashed tax revenues; unemployment pushed up the cost of benefits; and the hoped for increased take from levies on oil did not materialise in the face of weak demand.

A new budget was brought in in July and the prospects are that the deficit for the current year will come close to C$20bn, or almost twice as much as foreseen in November.

Together with the budget in July, the Trudeau Government announced a wage restraint programme. Wage increases in the public sector were to be held to 6 per cent this year and to 5 per cent in 1983; so were increases of prices charged by enterprises under government control or regulation, such as rail fares. Provincial Governments and the private sector were to be asked to follow the example.

This programme has been held up to a fair amount of ridicule because it contains many anomalies. But it has been given a favourable reception by much of business (which wants to keep down its wage bill) and by public opinion. Organised labour, or at any rate its leaders, has been openly hostile, though it must know that in the private sector its bargaining position is weak. That will probably not prevent there being a few bitter industrial disputes.

The prime purpose of the Government's "six and five" programme of voluntary restraint is to break inflationary expectations without the dubious device of mandatory controls. Mr Trudeau, the Prime Minister, can be an unpredictable man, but so far the signs are that this policy line will be maintained, combined with a policy of monetary restraint.

The Bank of Canada is responsible for monetary policy except that, under established practice, in the case of a fundamental clash with the Government, the latter would prevail. But in imposing his will, Mr Trudeau would risk causing the resignation of the Governor of the bank, Mr Gerald Bouey. It is not a risk that Mr Trudeau could run lightly.

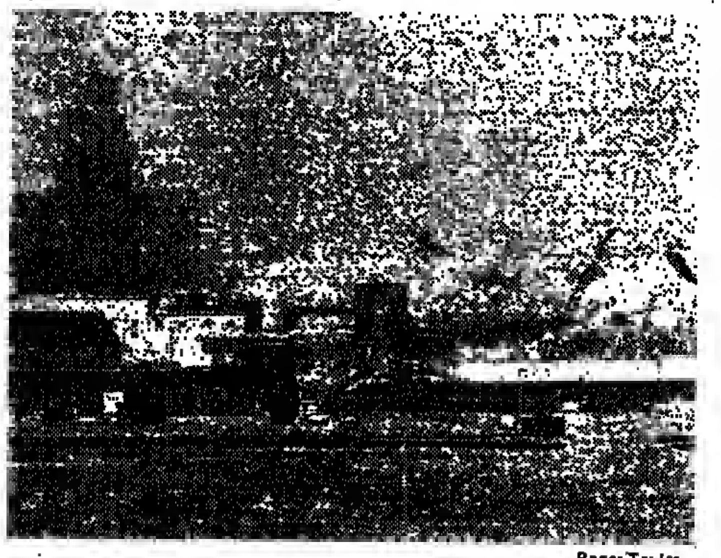
In any case, Mr Trudeau has only recently scorned the suggestion of the Canadian provincial premiers that interest rates should be brought down even if that did cause the Canadian dollar to decline. Mr Bouey himself remains adamant that inflation is Public Enemy No. 1.

That remains true even though, in a recent lecture, he questioned the adequacy of monetary targeting as an instrument of economic management. The evidence is on his side: even though the money supply has been undershooting the target range, inflation has continued unabated.

Some observers wondered whether Mr Bouey's speech meant that the bank was switching from a monetary to an exchange rate target. The difference is probably academic, since in the present situation both a control of the money supply and a support of the exchange rate imply interest rates higher than those in the U.S.

The picture presented by this account of the cyclical position in Canada is not pretty: the current account has recovered, but probably not for long; the corporate sector is under heavy pressure; inflation has proved intractable; the prospects of a recovery exist, but it may prove weak.

In the longer term (as discussed in the introductory article of this survey) a number of problems also exist. But there are also great elements of underlying strength in Canadian raw materials and service sector expertise. The misery of the moment should not be overdone.



Roger Taylor

Stockpiles of wood at the Reed paper mill at Quebec. Canada's industry is under pressure from the country's inflation rate

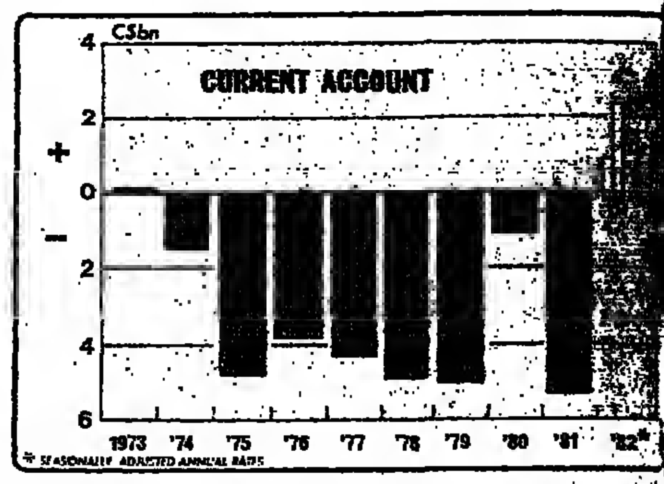
CANADA'S INTERNATIONAL DEBT

(C$bn)

	1969	1971	1973	1975	1977	1979
Liabilities	48.6	55.1	64.9	83.4	109.9	141.0
Thereof direct investment	24.4	28.0	32.9	37.4	43.7	n.a.
Assets	20.5	26.4	33.1	40.9	55.3	67.0
Net liabilities	28.1	28.7	31.8	42.5	54.6	74.0
Net liabilities as percentage of GNP	35	30	28	26	26	28

Source: Bank of Canada.

CANADA'S debt has more than tripled since the end of 1969 though, expressed as a percentag GNP, it has dropped. The real change has been the declining share of direct investm (including retained profits) in Canadian liabilities.



Though the current account is in surplus at las short-term capital is too volatile for the Bank Canada to allow interest rates to fall below thos in the U.S.

Shares wait for upturn in the U.S.

THE WORLD economies' severely reduced demand for natural resources has put Canada's stock market into a prolonged tailspin. The Toronto stock exchange 300 index, heavily weighted to mines and oils and major resource companies such as Canadian Pacific, peaked at 2400 in the summer of 1981 and plummeted 44 per cent to 1346 in July for the worst stock market slump since 1942.

Foreign investors have pulled out of the Canadian market and show little inclination to return. Government policies perceived as hostile to foreign investment such as the national energy programme, a record-breaking decline in the Canadian dollar and the inability to get big resource projects moving, have added to a general perception that Canada is just stumbling along.

Corporate profits are now dropping faster than in any year since the 1930s and the deep recession has yet to bottom out. Many leading Canadian companies showed a drop of more than 50 per cent in second-quarter profits. Falconbridge Nickel, for example, reported a loss of $16.2m and analysts believe the loss this year could climb as high as $10 a share, with more red ink again in 1983.

Dividend payout ratios have slipped steadily over the past three years. In view of the difficulty corporations are having in passing on price increases and the need to reduce heavy debt loads, dividend growth is expected to remain under pressure.

Prospects for Canadian shares depend on a world economic revival sparked by an upturn in the United States. Unfortunately, U.S. business activity remains very anaemic despite an easing of monetary policies by the Federal Reserve Board.

Buying spree

The recent explosion in U.S. stocks was sparked by declining interest rates. Financial institutions, fearful of missing the market, set off a buying spree that, in turn, produced a heady advance in the Canadian market.

Meanwhile, world economies remain weak and world banking continues precariously fragile. There is a real danger that other countries could suffer the same fate as Mexico which recently came within a hair's breadth of bankruptcy. The prospects indicate a constrained economic recovery at best. Accordingly, analysts are reluctant to believe that a solid foundation is there to support a sustained upswing in stock prices.

No one industry sticks out as particularly attractive, so most investment houses are restricting their recommendations to a shopping list of companies in sound financial condition. One section attracting attention is oils, a high flier which had its wings clipped by government taxes in the wake of the national energy programme and plunging world oil prices. However, massive refining over-capacity is being rationalised. Basically, the sector offers sound balance sheets and profits should advance next year.

Mr Philip Heitner, head of research at Nesbitt Thomson Bongard of Toronto, expects weakness for several weeks before a "basically rising" market takes the TSE index to 1800-1850. A proponent of oil and gas stocks, Mr Heitner says the industry is one of the most profitable in Canada and cash flow is expected to rise by 30 per cent a year through 1983.

Oils offer a strong dash of speculative appeal. The Beaufort Sea in the Canadian Arctic remains a good geological structure despite some disappointing drilling news this summer, while the east coast offshore is acknowledged as one of the best potential fields outside the Middle East and comparable with the North Sea.

With stock trading lethargic—value was down more than 50 per cent in the first seven months—a number of smaller stockbroking firms have shut their doors. Two blockbuster mergers—Dominion Securities and A. E. Ames, and more recently Richardson Securities of Canada and Greenshields—have focused public attention on the sector's plight.

The price of a TSE seat is down to $50,000 from a 1980 high of $166,000. The investment industry, heavily reliant on stock trading, was $25m in the red by mid-August. Thus the Toronto Stock Exchange, which handles about 80 per cent of total value of listed trading in Canada, decided to follow the lead of the Vancouver Exchange and seek a surcharge on commission rates. However, the recent market surge has put that plan on hold.

Securities regulators have set April 1 1983 as the starting date for negotiated commission rates in Canada. The TSE is battling to have competitive rates delayed until the end of 1983 when, it is hoped, the operating climate will be more healthy. It has already filed for right to appeal against the Ontario Securities Commission's decision in the Supreme Court of Ontario.

The jurisdictional dispute between the TSE and the OSC under the interventionist direction of its chairman, Mr Henry Knowles, has become more low-key recently, following the departure of Mr Gordon Walker from the Ontario Ministry of Consumer and Corporate Affairs which oversees the commission. The issue is still simmering, however, Mr Walker, a high profile minister, often appeared to take the TSE's side.

Mr Knowles, for his part, came out publicly for an expanded role for the OSC. His style is to have industry matters discussed in the open through formal hearings.

Mr Robert Elgie, Mr Walker's replacement, is keeping things cool. Mr Knowles' term expires at year-end and the search is on for a successor. The pendulum could be swinging back towards closed meetings to iron out industry problems. The Ontario goverment is rumoured to be looking for an industry representative to head the agency in an effort to foster good relations between the two protagonists.

The TSE—a self-regulating body—wants to run its own affairs while falling under the OSC's broad authority. Currently, the commission has the power of complete control over the exchange. The TSE objects to presenting by-law changes to the OSC in advance and the time-consuming hearings on new products. The exchange has applied for legislation defining the OSC's precise role.

Anti-inflationary

The TSE is also losing business to the Montreal exchange as a result of an OSC decision on the Caisse de Depot et Placement du Quebec, the organisation that invests Quebec pension plan money. The caisse, manager of the country's largest equity pool, has several hundred million dollars to place in equities each year.

Trading was banned because the caisse refused to file insider trading reports and the OSC claims that the agency violated Ontario's rules when it and another Quebec crown corporation took control of Domtar of Montreal in a surprise move in August 1981.

While the caisse has agreed to file insider reports voluntarily, the trading prohibition remains pending the results of an OSC hearing to determine whether the takeover was illegal because no offer was made to all shareholders. Ontario's rules require that all shareholders receive equal consideration.

The Quebec pension fund has maintained that the OSC does not have jurisdiction to regulate its activities. Ontario, however, has taken the firm position that crown corporations must follow provincial securities regulations. The jurisdictional issue is also before an Ontario court so the dispute could drag on for years.

An important event looming for the Toronto exchange is the move into the new $24.5m headquarters one block west of the present building on Bay Street. The new trading floor, expanded threefold to 30,000 sq ft, is expected to come into operation next spring and the TSE will be the only exchange in the world to feature trading in stocks, options and futures.

The exchange believes the new trading facilities offer the most modern technology available.

Dennis Slocum

PROFITS UNDER PRESSURE

(Nine months to July 31 1982)

	Net income (C$m)	Change from previous year (%)	Total assets (C$bn)	Change from 31-7-1982 (%)
Bank of Montreal	200.7	−25	63.5	+ 8
Bank of Nova Scotia	193.3	+ 7	54.7	+15
Canadian Imperial Bank of Commerce	196.3	−21	69.4	+ 9
Royal Bank of Canada	247.0	−34	89.6	+ 7
Toronto Dominion Bank	231.3	+ 9	46.0	+10

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Morgan Bank of Canada: an important link in a worldwide network

Some of the officers of Morgan Bank of Canada: from left, Robert Wotten and Brenton Bradly at the headquarters of an energy company client; Paul Jurist, head of general banking, with Larry Chamberlin, president; outside Morgan's Toronto offices; Steven Janicek and Alan Abel, head of treasury and foreign exchange.

Morgan Bank of Canada is an integral part of Morgan Guaranty Trust Company of New York, serving the complex financial needs of corporations, banks, and government agencies. Based in Toronto, Morgan Bank of Canada concentrates on delivering all the resources of Morgan's worldwide network to Canadian-based companies and to others with significant operations there.

If your company is active in Canada, you'll find Morgan Bank of Canada can serve you as few other banks can. Our staff knows every aspect of Canadian finance. What's more, they provide direct access to Morgan's extensive resources in key financial centres everywhere. This unique combination of experience, expertise, and first-hand knowledge of both North American and global markets adds special value to a Morgan banking relationship. Here are some of the ways that we can adapt our services to your particular needs.

Corporate banking services

We lend, or arrange innovative financings, in Canadian and U.S. dollars and many other currencies. As a leader in the Eurosyndication market we structure and manage multibank financings for major projects in Canada and around the world. When the projects involve imports of equipment, machinery, and engineering and construction services, Morgan specialists experienced in working with subsidised export-assistance programmes negotiate terms and conditions to minimise your costs.

We can put our foreign exchange network to work for you managing exposure and reducing currency exchange risks. Your Morgan banker provides competitive execution of foreign exchange transactions and can help your company with short-term and long-term investment opportunities in the world's principal currencies.

Morgan specialists can advise your company on growth strategies in North America and in markets around the world, on mergers and acquisitions, and on capitalisation alternatives. We also deliver traditional banking services —letters of credit, overseas remittances and collection, international cash management—in first-class fashion.

Euromarket financing services

Morgan Guaranty Ltd, based in London, England, manages public and private offerings of securities for distribution outside the U.S., serving issuers in Canada, Europe, the U.S., South America, and Asia.

For more on how Morgan Bank of Canada can help you, talk to the Morgan officer who calls on you, or contact Larry L. Chamberlin, President, Morgan Bank of Canada, P.O. Box 80, Royal Bank Plaza, Toronto, Ontario, M5J 2J2.

Morgan Bank of Canada

The banks: a modest fall from grace

BANKS IN Canada, long a byword for financial soundness and prudence, have been through the wars this year. Recession and financial problems in overseas countries have taken their toll. Provisions against bad debts are up; profits are down.

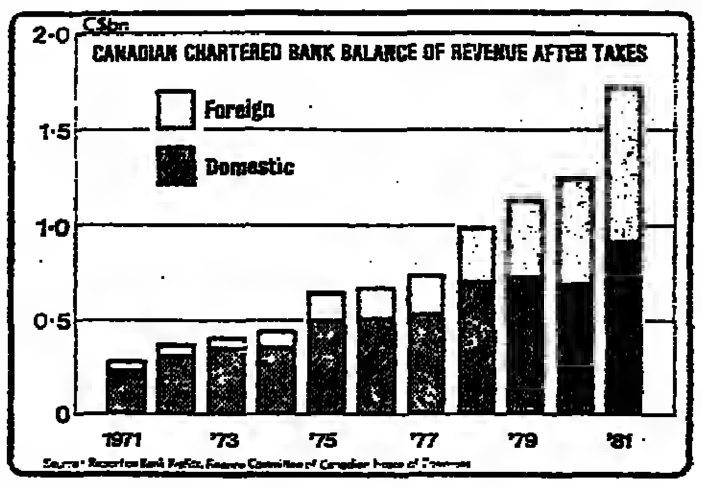
As a leading banker in Toronto put it: "In 1974 we were very top quality. Now no longer." But he adds: "If the dominoes were to fall, we should not be the first."

Both remarks are on target. The demotion of the long-term issues of several Canadian banks by the rating agencies (but not of their short-term liabilities) reflects the difficulties. They are not peculiar to Canada. Many banks elsewhere have felt the draught at least equally. Not many institutions which are involved in world banking have escaped.

In spite of the liquidity problems of Dome Petroleum, with debts exceeding C$3bn (about £1.4bn) to Canadian banks, or those of Mexico which owes them about C$5bn and in spite of a wave of bankruptcies within Canada, the Canadian banking system must be accounted sound. But there is a general air of nerves. Imprudent and unfounded remarks by politicians have twice caused runs on local branches.

The system does need a phase of consolidation after a decade during which assets showed compound annual growth of 21 per cent. It has already begun to happen, partly as a matter of policy, partly because the recession has reduced credit demand drastically. In the current year of account (ending on October 31) aggregate assets have been growing by 10 per cent, though that figure masks considerable differences between different banks.

It is probable that, for prudential reasons, the Canadian banks may slow down their drive into international business which was a feature of the 1970s. In the 10 years to 1981, the share of foreign assets among their total assets had an annual compound growth rate of 24 per cent, reaching C$109bn of total assets of C$341bn at end-October 1981. It was not a quest after volume only. Since 1979, the after-tax return on foreign assets has been consistently higher than the return on domestic assets.



Some banks have set themselves top limits on the amount of international business that they propose to do. But the Bank of Nova Scotia, for instance—which for long has been heavily involved abroad—has no such limit and does not propose to set one.

Exposure

While it would be wrong to argue that the entire foreign exposure of Canadian banks has resulted in headaches, the amounts thought to have been lent to problem countries is formidable. Rough estimates are as follows: Brazil and Mexico, about C$5bn each; Argentina, C$2bn; Poland, C$0.4bn; other centrally-planned economies C$3.6bn. (The figures are derived from a report prepared by the House of Commons Finance Committee in Ottawa, but have been partly revised in the light of later information.)

These potential danger areas abroad add up to C$16.2bn. That is barely more than assets in the UK and roughly equivalent to assets in the U.S. The likelihood is that the Canadian banks will attempt to concentrate their future interest on these areas and on some of the industrialised Asian countries.

It is important that none of these overseas difficulties has produced actual loan losses, at least so far, though rescheduling has either occurred or has become inevitable. As regards Canadian debtors in liquidity difficulties, no bank is believed to have made provisions yet for possible losses in the Dome affair. On the other hand in the case of another walking wounded, Massey-Ferguson, the banks' remaining exposure is understood to be fully or almost fully covered by provisions.

Published figures for loan provisions are not of much help in assessing the real damage, since they are calculated on a five-year sliding scale basis, and since the period in which a loan goes sour and the period in which provisions are made may not coincide. Actual loan losses in the year to October 31 last came to about C$850m. For the current year of account, analysts are forecasting actual losses as high as C$2bn, but that must not be taken as more than an informed guess.

With difficulties on that scale attention has inevitably turned to prudential management and regulation. The primary responsibility has fallen on the management, and they have responded with generally unpublished loan limits, with provisions, and with greater caution in international markets.

The Canadian Imperial Bank of Commerce, with assets of C$69.4bn making it the second largest bank in the country, has publicly announced that in future it would limit loans to any one borrower to 15 per cent of its capital: at one time its claims on Dome were equivalent to more than 40 per cent of capital.

The House of Commons Finance Committee in Ottawa has recommended a ratio of only 25 per cent. The chief regulator, Mr W. A. Kennett, Inspector-General of Banks, has plumped for 50 per cent.

But there is no clear definition of what constitutes capital. The House of Commons committee called for such a definition; Mr Kennett is working on one with his colleagues in other countries. The difficulty there is a dual one: how to find a definition that will give comparable results in different countries with different accounting rules; and how to avoid distorting international competitiveness by forcing banks in one country to reduce leverage or capital ratios below those elsewhere.

Canada itself has no firm leverage rules, preferring to work by guidance from the Inspector-General. (The exception concerns foreign-owned banks whose assets may not exceed their capital by more than 20 times.)

Ratios

By the end of the last year of account total assets in the Canadian banking system were 31.7 times equity and 24.5 times capital on a wider definition. One should add that Canadian law does not permit the formation of hidden or secret reserves, so that the figures can be taken at face value. In the official view these ratios are adequate, though lower than a few years ago, but should not be permitted to decline further.

Problem loans and capital adequacy apart, the Canadian banks have also been caught in a cyclical trap. The decline of interest rates and lack of sound credit demand have eaten into profits: for the first three quarters of the current year of account they were down by about 20 per cent, and there could be worse to come if interest rates continue to decline steeply. A steep slide narrows margins because it tends to be felt first on the liabilities side.

The banks' response has been to steer against the current by seeking to widen margins and by cutting overheads. Wage increases have been hard to come by in the banks and the process of closing branches has continued.

Instead several of the Big Five have speeded up the installation of automatic teller machines to save staff. However, the policy is controversial: the capital cost is heavy, and an institution such as the Bank of Nova Scotia, with a large portfolio of consumer credit, is loth to jeopardise personal contact with the customers.

W. L. Luetkens

The 19th-century Bank of Montreal building in Place d'Armes, Montreal. Built in 1847 and extensively renovated at the turn of the century, it is still one of Canada's most imposing commercial buildings. It is still in use though most of the executive functions of the bank, Canada's oldest, are carried out in an adjoining high-rise building and at modern offices in Toronto

Foreign banks seek freedom from restraint

FOREIGN-OWNED banks in Canada, established under new regulatory legislation, are finding life harder than hoped for. The main reason is not so much Canadian economic nationalism—though it has given rise to some complaints—as the generally depressed economic climate. It has reduced sharply the rate by which the banking business in Canada has been increasing and it has opened up a number of prudential pitfalls.

That did not, however, prevent many foreign-owned banks now licensed from reaching the point where they could successfully apply for additional scope to increase their Canadian assets. The need to do so arises because of the regulatory constraints imposed upon foreign-owned banks:

- Each foreign-owned bank is allotted a so-called deemed authorised capital and its Canadian assets may not exceed 20 times that amount.
- Canadian and international assets must not exceed 20 times each foreign-owned bank's capital and reserves.
- Taken together, the foreign-owned banks may not collar more than 8 per cent of the domestic business booked by the entire Canadian banking system.

Deemed capital was initially allocated in rough proportion to the business volume acquired by the foreign bank's subsidiary before the Bank Act was put into force. At that time many foreign banks operated in Canada through subsidiaries lacking full banking privileges, in particular the right to go to the Bank of Canada as lender of last resort.

Newcomers to Canada, which included some of the great names in international banking, were allowed C$5m of deemed capital each—enough to sustain a mere C$100m (about £47m) in Canadian assets under the rules.

Since the initial share-out, the Canadian Government has increased the deemed capital of 22 of the 57 foreign banks, including some of the newcomers. The criteria for an increase are need, as measured by the size of the applicant's portfolio, but also the nature of its business. Those given the extra scope include the Canadian affiliates of Barclays, National Westminster, Dresdner Bank and the Union Bank of Switzerland—the latter two both newcomers, whose deemed capital has been doubled to C$10m.

Further applications for extra deemed capital, permitting an enlarged portfolio of Canadian assets are on the way.

The overall ceiling of 8 per cent of domestic business imposed on the foreign banks leaves plenty of room. On June 3 the foreign banks had aggregate domestic assets of C$13bn as against C$241.6bn in domestic assets for the entire chartered bank system. That left some C$9bn to fight for before the ceiling is reached.

None the less, the 8 per cent ceiling is not popular with the foreign banking community, and not least the British. They argue that Canadian banks can operate freely in Britain and want a similar lack of constraints upon themselves.

For the moment the question of raising the ceiling imposed upon the foreign-owned banks in Canada is not topical. For a start, as has been seen, it has not been reached. Moreover, the regulatory legislation was passed only in 1980 and changes are unlikely in the immediate future. But not only the foreign bankers want to see their position eased. So do some of their Canadian colleagues and some politicians. In the office of the Inspector General of Banks in Ottawa you can occasionally hear the sybilline sentiment that "we are still in the learning phase."

That applies also to the foreign banks themselves. Canada, by and large, has British-style banking and the British-style of regulation by moral persuasion or gentle suggestion from Mr W. A. Kennett, the Inspector General. It is not entirely familiar to bankers from countries where the authorities operate more by detailed written rule and regulation.

Canadian economic nationalism, a recurring but variable influence, goes a long way towards explaining why the foreign banks have been circumscribed more strictly in their freedom than have the Canadian banks. But it is in fact a case of nationalism in retreat. Legislation that was in force from 1967 to 1981 limited foreign shareholdings in Canadian banks to a maximum of 25 per cent of the share capital, with no single owner allowed to surpass 10 per cent.

Concession

So the admission of closely-held foreign banks is a concession. But it is an ambiguous one. As has been seen, when foreigners were in effect forbidden to own Canadian banks, they had the alternative of setting up so-called near-banks, most or all of which were engaged in the wholesale market.

For most of them the achievement of chartered bank status needs no profound change in the nature of their business, though it will give them additional prestige and the right to resort to the Bank of Canada. But access to that lender of last resort carries a price tag in the form of having to maintain reserves interest-free with the central bank.

To be fair to the Canadian authorities, there also have been prudential reasons for curbing the freedom of action of the foreign banks. In the end, the foreigners' stability is guaranteed by the stability of their parent banks elsewhere, and the regulatory authorities argue that it is impossible for them to keep track of the soundness of banks as far afield as the Far and Middle East.

But beyond that, there is a will to give the foreign-owned banks a Canadian corporate identity, rather than letting them remain little more than offshoots of their parent institutions. It shows, for instance, in a request from Mr Kennett that foreign banks should not fund more than half their Canadian assets in foreign markets. A foreign-owned bank is also expected to keep at arm's length from any representative office that its parent may have in Canada.

There also is a tax trap. A foreign-owned bank that borrows too much from its parent abroad may lose the usual deductibility of its interest charges. The trap is sprung once the debt-equity ratio reaches three-to-one.

Some of these restrictions were devised specifically, though not overtly, with an eye on Big Brother in the south, the U.S. and its powerful banking machinery. Some Canadian bankers were openly apprehensive during the debates on the Bank Act that U.S. competitors would move in on a grand scale, taking advantage of the fact that much of Canada's industry is American-owned to get in on the ground floor.

As it is, U.S. institutions are far the most numerous contingent among the foreign banks so far set up in Canada, and five of them have a place among the 10 largest foreign-owned Canadian banks.

There is a minority view both among the big Canadian banks and in the Finance Committee of the Canadian House of Commons that foreign-owned banks should be put on a par with Canadian-owned institutions. Bankers who hold that view argue that the Canadian banks are so active in foreign markets that they can only gain if Canada takes a liberal attitude to their foreign competitors.

Benefit

Among some politicians the argument is reinforced by the view that more competition will not harm the Canadian financial institutions. It is true that when the proposal to admit foreign-owned banks was first put in a White Paper, the Trudeau Government of the day justified it on the ground that Canada would benefit from the extra competition and from the resulting innovation.

A year ago it was suggested that some of the restraints on foreign banks could be eased by excepting certain Canadian assets when calculating how close these banks have come to their ceiling of 8 per cent of aggregate Canadian assets of the Canadian banking system. For instance, it was suggested that loans for energy development might not count towards the total.

That proposal has lost what appeal it may have had in the collapse of the dream that Canada was on the verge of a great energy boom. But the idea of selective exemptions from the 8 per cent limit could re-emerge in some other form.

The Canadian House of Commons' Finance Committee in a recent report on Canadian banking made no recommendations to change the regime governing foreign-owned banks. But it did suggest that Canadian banks might look for more equity capital abroad to maintain or improve capital ratios. The committee found that only 5 per cent of the equity capital of the Canadian banks was in foreign portfolios, whereas the law permitted a share of up to ...

W. L. Luetkens

FOREIGN-OWNED BANKS BY SIZE

	Rank	Assets* (C$m)	Deemed capital† (C$m)
Citibank Canada	1	1,637	130.0
Chemical Bank of Canada	2	1,148	60.0
Banque Nationale de Paris (Canada)	3	1,001	51.0
Bank of America Canada	4	998	55.0
Barclays Bank of Canada	5	963	55.0
Credit Lyonnais Canada	6	723	32.0
Morgan Bank of Canada	7	607	35.0
National Westminster Bank of Canada	7	607	35.0
Continental Illinois Bank (Canada)	9	534	26.0
Societe Generale (Canada)	10	500	25.0
Swiss Bank Corp. (Canada)	11	450	20.0
Midland Bank Canada	14	340	18.0
Lloyds Bank International Canada	16	309	17.5
Dresdner Bank Canada	24	146	10.0
Union Bank of Switz. (Canada)	25	142	10.0
Standard Chartered Bank of Canada	26	121	12.5
Deutsche Bank (Canada)	28	91	5.0
Grindlays Bank of Canada	37	47	5.0
Credit Commercial de France (Canada)	39	38	5.0
Paribas Bank of Canada	42	30	5.0

* At May 31 1982.
† Deemed capital is allotted at the discretion of the regulatory authority. The bank's domestic Canadian business may not exceed this amount by more than 20 times.
Source: Canadian Bankers' Association.

A proposed change in the law should give the companies greater freedom, but may bring problems too, as **Nicholas Hirst** reports

Trust and loan companies face increasing competition

CANADA'S TRUST and loan companies stand on the threshold of a sweeping change in the law, intanded to increase their flexibility to make commercial loans and compete with the established chartered banks.

A draft Act for consideration in the next session of parliament and a discussion paper bave been published but the trust and loan industry, and stock exchange analysts, complain that the Act does not go far enough. It also brings tha companies new problems, they say.

The trust companies, founded in tha second balf of the 19th century to perform trustee and executor functions, graw into deposit-taking institutions and with their associated mortgage and loans companies, have taken on many banking activities.

At the end of 1981 their deposits, although smaller than the chartered banks, totalled C$59bn and in their trustee business they administered a further C$75bn. They offer deposit and savings accounts and cheque facilities.

The top seven control about 85 per cent nf the trust business and more than 70 per cent of the deposits. Last year the industry accounted for 49.4 per cent of the loans made for house purchase but the amount lent, at C$4.9bn, was 26.8 per cent down on the previous year.

Decline

Over the past decada the traditional mortgage business has moved Into decline and, with strict controls now on immigration and an ageing population, the industry believes the previous growth is over. At the same time, the chartered banks have moved into the mortgage business: the trust and loan companies are faced with increased competition in a declining market.

The reaction, particularly of the big seven, has been to diversify ioto commercial and personal lending, but the present Loan and Trust Company Acts have severely restricted wbat they can do.

A change io the law has been considered for some years. With the recent parliamentary report on bank profits and concern to allow the trust companies to achieve a better match between their deposits and loans, a renewed impetus has developed to get new legislatim passed.

Until very recently the trust and loan companies had to keep 75 per cent of their assets in first mortgages or certain approved debentures and securities. This requirement bas been reduced to 66⅔ per cent, but only 7 per cent of assets can be lent on commercial or personal loans unsecured by property. At the eod of 1981 the trusts bad 63.9 per cent of their assets in mortgages and the loao companies 83.7 per cent.

The big trusts bave been able to increase their commercial lending by using industrial mortgages and lending on debentures which qualify under present legislation.

For example, Guaranty Trust, one of the big seven trusts and loan groups, by carefully using mortgages and debentures to diversify, bad 13 per cent of its assets in consumer loans in 1981, 8 per cent in commercial mortgages 4 per ceot in sales finance loans and 8 per cent in other corporate loans.

Uoder the new legislation the 15 per cent would include the loans made on debenture. According to Mr Robin Cornwell, an analyst with Toronto stockbrokers McCarthy Securities, the 15 per cent limit may not provide much increased flexibility.

Toronto's banking and business district. The trust companies have branched into commercial and personal lending

The companies tbemselves see the limit as being overly restrictive and, during the hearings at the committee stage of the Act, will press to get it changed. But that is far from the only problem. In the discussion paper brought out with the draft Act, it is suggested that no sharebolder sbould own more than 10 per cent of a trust or loan company.

This idea stems from the Bank Act. For Canada's chartered banks this has posed little trouble. Bnt with one exception, Canada Trust, all the other large companies bave controlling shareholdings. If the discussioo paper suggestion were put into law, tha structure of ownership would have to change drastically, something that the Trust Companies Association of Canada feels would be an unnecessary and possibly damaging upheaval.

On top of that the trust companies wonld be prohibited from investing in companies in which they bad placed significant funds held in discretionary trusts under their management. Although that would be an ideal way of carrying on business to avoid any possibility of a conflict of interest, as the industry is presently constituted it could cause immense difficulties.

The trust companies are also to be preveoted from lending without security to companies quoted on a recognised stock exchange where they would be competing directly with the chartered banks. The trust companies, naturally, think they should be allowed to do so if they want to.

One option open to the industry would be for its members to convert themselves into chartered banks and free themselves of many of the present and planned restrictions, but that wonld mean that their major sharebnlders would have to divest themselves of their boldings. Also, they would not be able to retain their trust business. Under Canadian law banks ara prohibited from carrying ont trustee and executorship functions and nver the past few years this has proved to be a growth area.

The growth of company pension plans administered by the trust companies has grown dramatically from C$ 8bn in 1972 to C$ 28.2bn in 1981. Tax benefits given to individuals investing in retirement savings plans have also generated substantial growth with administered funds leaping from just over C$ 1bn in 1972 to C$ 18.3bn in 1981.

Lending

A survey nf six major trust companies four years ago showed that two earned substantially more fee income than income from lending. In nnly one case was the fee income a small proportion of total earnings.

For all that, the industry's earnings record in the past few years has not been spectacular. Just as its residential mortgage business has suffered, so has the dull bousing market affected the 500 real estate offices they own.

But the trust and loan companies bave largely avoided landing themselves in the same difficulties that have hit the savings and loan institutions in the U.S. From 1967 onwards residential mortgages have been shifted on to five-year terms with the possibility of a roll-over on new interest rates while amortisation has been kept at 20 years or longer. Even so, at least one company has been caught with long mortgages at low rates while interest costs have soared.

The industry would like to be able to grant the same type of floating rate mortgages offered by the building societies in Britain, limiting tha risk of borrowing short and lending long, but at the moment Interest Act legislation prevents it. The trust companies' diversification is at present heavily restricted and their growth prospects are narrowed. Mortgages on industrial properties, for instance, bring them into heavy competition with the chartered banks which are free to lend without specific charges. But if the Draft Act is modified there is the prospect that the trust companies will be able to compete with the chartered banks in personal and medium-sized business lending. The trust companies, after all, do not bave the problem of doubtful foreign debt.

Heavy losses in insurance market

ALTHOUGH hefty premium increases and gains of close to 20 per cent have been recorded by Canada's property-casualty insurance companies in the 1982 first half, it still remains in doubt whether or not the industry has turned the corner toward profitable operations.

The market conditions which spawned the record underwriting loss of $890m have only marginally improved. Fierce competition for premiums continues in many insurance lines. For many coverages, claims costs are rising faster than premium gains. At the same time, the insurers' capital and surplus margins have been cut to the bone.

The companies have implemented massive premium increases this year of up to 30 per cent—and as high as 50 per cent in some cases—in automobile and residential insurance and more rises are expected. However, efforts to raise commercial insurance rates have crumbled in this briskly competitive market.

With little or nn growth visible in the economy, the first-half increase in premium income can only be attributed to the premium increases. But in a market that continues to be plagued by over-capacity, an over-all weak pricing structure and rabid competition, the industry fears that by the end of 1982, underwriting losses will be close to 1981's record levels.

In the first quarter, investment income of $245m failed to offset the underwriting loss of $284m. As a result, the industry had a net loss, after income taxes and extraordinary items of $20m, worse than the $13m loss of the 1981 first quarter. In the 1981 fourth quarter, traditionally a period of high claims payments, the loss was $46m. Although loss ratios eased and expense ratios declined slightly, the first quarter, normally a pariod alarming 118.6 per cent.

According to Mr E. F. Belton, president of the Insurers Advisory Organisation of Canada, a rate-making and risk analysis agency owned by 58 insurers: "Any rational analysis of the results would indicate that a substantial correction should now be well under way. The only conclusion that can be reached is that a major shake-out is inevitable and imminent."

Fears

Last year, the failure of two companies—Strathcona General Insurance of Canada and Pitts Insurance — generated fears which were rekindled this summer when Cardinal Insurance was declared insolvent by the Federal Department of Insurance.

In addition, ta least 40 insurers have been ordered to report results to the department on a monthly basis, while several others that had losses in the first quarter are now required to report on a quarterly basis. "Losses have been heavy," said Mr Robert Hammond, Federal Superintendent of Insurance. "Insurers have seen a definite narrowing of their capital and surplus margins and people in the industry have become very concerned."

In the light of the uncertainties caused by rapidly-rising costs and tightening solvency margins in both the primary and reinsurance markets, Mr Hammond plans changes in the current regulatory practices this autumn.

Although his recommendations are still being prepared, they are likely to include: increases in the capital and surplus requirements when incorporating new companies, measures to strengthen the capital requirements of existing companies and new regulations to deal with the problem of offshore reinsurance

Reinsurance, both in the use of unlicensed foreign carriers and in the practice of reinsuring up to 90 per cent of certain lines, has been a bothersome ingredient in the insolvency brew.

Mr Hammond contends that insurers operating in Canada should retain a significant percentage of their portfolios because they "should have a stake in the business they are writing."

Mr H. J. Phillips, IAO vice-president and chief actuary, forecasts that the 1982 underwriting loss will reach $885m, earned premium income will rise 18 per cent to $6.7bn and incurred claims will climb 15 per cent ta $5.3bn. He projects that the combined operating ratio will improve slightly to 113.2 per cent from 115.7 per cent in 1981, which still indicates that payouts will be higher than income.

Assumption

Mr Phillips said his forecast assumes the industry "will move actively toward higher rate levels and more away from cash-flow underwriting." His second key assumption is that the investment markets will continue to offer yields at close to current levels.

Several major insurers have already introduced large premium increases and stayed with them, even at the cost of losing market share. Royal Insurance of Canada managed to halve its underwriting loss to $25m in the first half, but suffered a 17 per cent fall in premiums as competitors moved in on its higher priced business.

But Royal is banking on the current firming trends in the industry. Mr Roy Elms, executive vice-president, said continuing poor claims results, aggravated by falling interest rates that probably will reduce investment income, would encourage other insurers to take similarly incisive action on the pricing front. "These developments will force other insurers closer to Royal's premium levels with the result that the drop-off in market share should diminish as the year progresses."

The key to the struggle for improved market share lies in the volatile commercial and business insurance sector, which Mr Elms describes as "very competitive with few signs of a firming in premium changes."

Mr C. G. Gyles, president of Reed Stenhouse Canada, puts it more simply: "In short, there's a war out there." He sees no sign of broadly-rising prices, aside from increases in commercial auto and truck fleets rates (where increases of up to 45 per cent have been reported), higher prices for specific liability coverages and attempts to renew policies at higher rates, which often sends the business to a lower-priced competitor.

Because interest rates remain high, cutting premiums to maximise cash income is still rampant and premiums for the larger corporate business are still going down, Mr Gyles said. "Until interest rates are reduced—and that is unlikely before the third quarter—we do not expect a market upturn."

Lawrence Welsh

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

How Ireland is boosting the entrepreneur

BY RAYMOND SNODDY

PARISH priests in the West of Ireland sometimes include a strange item in the lists of local events which they deliver from their pulpits on Sundays. Parishioners are told that a travelling team from Ireland's Industrial Development Authority (IDA) will be making a presentation at the local hotel during the coming week and looking for all those with the ideas or the determination to start their own businesses.

Increasingly the IDA is not just waiting for entrepreneurs to emerge but is actively seeking them out and providing ideas for new products to be made or new markets to be supplied.

After an audio-visual presentation and a "revivalist" speech from a local industrialist, who is himself an example of what the audience is being asked to do, questions are sought. Usually there are very few.

"People are terribly shy, especially down in the country," says Kieran McGowan, manager of the IDA's small industry programme. But after the formal session is over small knots of people form in corners, earnestly discussing ideas and sometimes it is 1 am or 2 am before the people from Dublin or the regional IDA office can get away.

Such an active programme of seeking out entrepreneurs is an uphill task, but it seems slowly to be having an effect. Against the overall industrial trend, employment in the small industry sector of Irish manufacturing rose by 8 per cent last year to 53,000, out of a total workforce in manufacturing of 236,000.

And small businesses, defined by the IDA as those employing up to 50 people and valued at up to I£500,000 (£400,000), accounted for 10,000 new job opportunities last year. This was nearly a third of the 33,720 jobs approved by the IDA in 1981.

While in the late 1960s grants for small businesses were being approved at the rate of one a week, now three are approved every working day. Last year a total of 800 small businesses were approved for government aid of over I£34m.

There are several persuasive reasons why Ireland should be placing a growing emphasis on the creation of small businesses.

For the moment, at least, the days when a stream of multinational companies could be induced by tax concessions to come to Ireland are probably over. There is very little mobile capital around in the depths of recession and, for what there is, the fight is particularly intense.

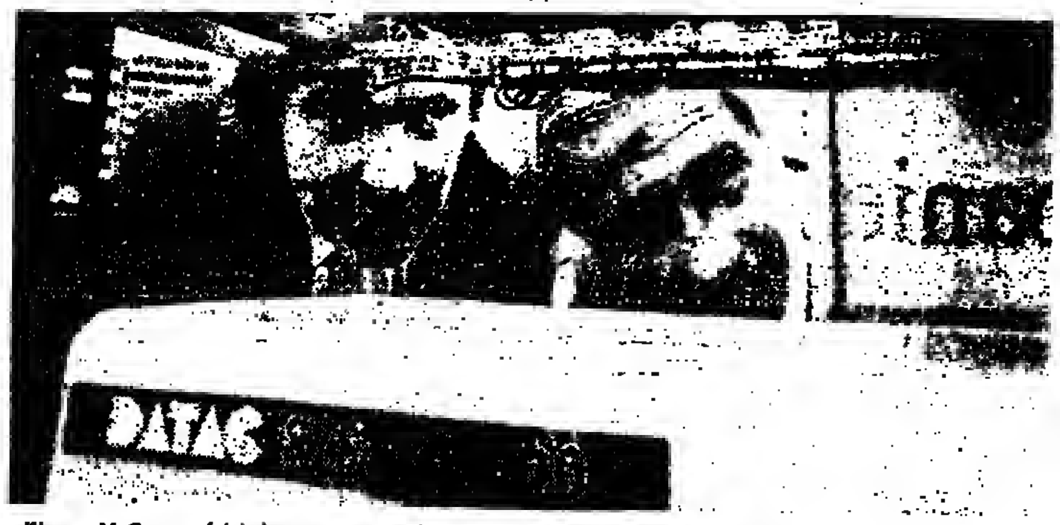
There has also been a growing realisation that the presence of multinationals in Ireland would not inevitably transform the Irish economy and that more effort would have to be made to link the large and the small. The multinationals, it has been calculated, import I£500m in parts every year.

Much of that is inaccessible to small Irish companies but Kieran McGowan's department has worked out that about I£60m could be produced by small local companies.

"The very existence of foreign firms has acted as a stimulus for small Irish companies. It's almost like bringing an export market from America and putting it down the street," he says.

The IDA now has a computer programmed with all the purchasing requirements of the major companies in Ireland, and the capabilities of 1,000 small firms. The matched results can be presented as opportunities for existing or new firms.

There is a wide range of ways in which the IDA persuades people to take the leap and set up their own business in the first place. One is through the provision of "ideas centres" attached to the nine regional IDA offices. Anyone can walk in off the street and browse among ideas thrown up by market research, or more specific research into the needs of the 700 foreign companies attracted to Ireland since the 1960s. Licensing offers from foreign companies are also on offer—at present the IDA has about 60 available.



Kieran McGowan (right) manager of the IDA's small business programme, inspects the electronic equipment produced by Cyril Kerr and his company Datac Control in the Pearse Street Enterprise Centre in Dublin

When a promising idea is identified the help is extensive. The IDA meets half the cost of a feasibility study up to £15,000; it gives 60 per cent grants for buildings and machinery in the West of Ireland, or 45 per cent in the East; 100 per cent of the cost of training, and half the cost of research and development.

But perhaps most important of all, the maximum tax rate on manufacturing companies is 10 per cent—this now includes all such companies in Ireland; until recently they had to pay up to 45 per cent unless they were exporters.

Among others, this package last year attracted 11 small companies to move in from the UK. They will eventually employ over 300 people.

Energy saving

This year the number includes Computability, a new company which will make microcomputers for export; Heatway, which is going to make energy saving systems for export; and Distributive Computer Systems, which plans to set up a computer software operation in Dublin.

Some of the help that is available to small businesses can be seen at the Pearse Street Enterprise Centre in the heart of Dublin's inner city. Half of the 35 industrial units are already constructed. When it is complete in January the complex will have common secretarial, accountancy and telex facilities. And in an eight storey tower in the centre—a disused distillery dating from the 18th century—there will be incubator units for the smallest one man businesses.

Twenty week courses on how to start a business are also to be run there. They will take an individual's idea from square one and help see it through to fruition.

One of the companies already at work in Pearse Street is Datac Controls which plans to manufacture under licence a range of microcomputer-based telemetry and data acquisition systems. They will be used for such purposes as monitoring the Irish Electricity Board's experimental wind-powered generators and controlling the signalling on the electrified suburban railway system now being built in Dublin.

Cyril Kerr, the man behind the company, which he hopes will employ 28 within three years, was formerly product marketing manager of Telectron Instrumentation of Co Dublin. Before that he worked for Siemens in West Germany.

Datac has been supported under a separate IDA enterprise programme which provides loan guarantees and interest subsidies as well as the normal range of grants.

The IDA is also making moves more actively to involve the universities in the creation of new businesses. This year 80 new Irish science and technology graduates will be sent for a year to 80 small companies.

The graduates, many of whom might otherwise be unemployed, will receive I£5,000, the company will pay I£1,400 and the state the rest. The hope is that many of the 80 will decide to stay with their companies.

A scheme is also under way to get mature students studying for masters degrees in business administration to write their thesis not on the latest management plan of IBM, but of small companies down the road. Kieran McGowan's hope is that the companies will have the advantage of a free consultancy plan and the students will have the satisfaction of helping to shape the real world. The initiative is likely to be extended to marketing graduates.

McGowan, himself a 38-year-old commerce graduate who has worked in just about every unit of the IDA from its rescue unit for companies in trouble to its heavy industry section, believes the IDA has got the decision-making process right.

All Ireland's small business promotion effort is under the roof of one organisation and different counties and towns do not dissipate their money and energy competing against each other.

"The decision-making is fast and very flexible," says McGowan, who supervises a budget of I£30m a year out of a total IDA budget of I200m and has a staff of 80. Twice a week meetings are held to decide on grants up to £35,000 and once a month a committee, of which he is chairman, has the power to dispense grants up to £250,000.

But in the end, McGowan emphasises, new businesses are created more by the glint of an idea in someone's eye than a chequebook.

Brian McKernan had just such a small idea. Because he worked in the packaging department of a large multinational food company in Ireland he knew that all the staples he used were imported. No one in Ireland, it seemed, had even thought of manufacturing industrial staples.

When he was made redundant he got together with his English brother-in-law, John Jackson, an accountant who has worked for supermarket chains. They discovered that there was a market worth £450,000 a year for the staples, and with the help of £40,000 in IDA grants they are already employing eight people in Dublin. They plan to make Ireland self-sufficient in staples—and then to tackle the paperclip market.

Small business abstracts

The future of small businesses. J. E. Bolton in Journal of the Royal Society of Arts (UK), May 1982

Discusses the recommendations of the 1971 Committee of Inquiry on Small Firms, and the degree of subsequent government action; stresses the contribution made by small companies in job creation and innovation; examines the availability of finance for start-ups, and the provision of specific-to-small-business management education; indicates where greater governmental and financial assistance is needed.

Generally accepted auditing standards and small business. D. T. Anderson plus others in The CPA Journal (USA), April 1982

Quoting the attitudes of accountants to small-business clients, explores whether there could be generally accepted auditing standards in this area; looks at difficulties encountered over internal accounting controls, the reliability of audit evidence, and auditor independence. Reports unhappiness at having to qualify audit reports for non-compliance with, but reluctance to have a "second tier" of standards; pleads for guidance from the standard setters.

Modernising a laundry's accounting. L. A. Brozey in Management Accounting (USA), May 1982

Describes — with amiable truth — how the decrepit internal control and accounting systems in a small unnamed laundry were transformed.

Handling employee complaints in small businesses. B. J. Baroni in Business (US), April/June 1982

Outlines steps in setting up an employee grievance procedure, and suggests simple rules for the handling of complaints.

Accounting services for small business. M. R. Mathews in The Australian Accountant (Australia), May 1982

After seeking to classify small companies, presents an annotated checklist of questions their accountants may be able to answer for them (about, eg, cost characteristics, budgeting) and the techniques they can either use themselves or get the accountants to use on their behalf.

These abstracts are condensed from the abstracting journals published by Anbar Management Publications. Licensed copies of the original articles may be obtained at £3 each (including VAT and p+p; cash with order) from Anbar, PO Box 23, Wembley HA9 8DJ.

Licensing as a spur to start-ups

IMPORTED technology could play a useful role in the generation of small business in Britain, according to two academics studying the role of licensing in small and medium-sized companies.

Julian Lowe and Nick Crawford, of the University of Bath, believe that not enough is being done, especially by the Government, to encourage the use of licensing agreements.

They were speaking earlier this month to a special conference* on licensing for the smaller company. While licensing is mainly the preserve of larger companies, the two men's research focuses specifically on what is being done by small and medium-sized organisations.

Lowe and Crawford believe that greater use of licensing might come about through government and/or private industrial initiatives involving both high and relatively low technology.

But what can be done to stimulate trade through licensing?

Lowe and Crawford believe that "organisation rather than cash injection may be the most critical factor in identifying and sponsoring start-ups based on licensing agreements."

They say that sources of finance for good new projects are probably available in sufficient quantity already, but their research suggests that the number of such agreements leading to new businesses is relatively small.

"This may be for two separate reasons—lack of knowledge of and experience in, licensing by potential start-up licensees; and lack of publicity for new product ideas which might be suitable for such agreements."

They add: "Both government and industry could have a role to play in the better organisation of such agreements. A possible focus for the use of licensing agreements could be the privately-financed local enterprise agencies or other privately funded bodies (such as chambers of commerce) with the contacts and ability to point suitable entrepreneurs in the right direction. Through the aegis of such bodies, information on licensing opportunities could be made more easily available."

With large numbers of managers unemployed, they argue, local enterprise trusts and other such bodies might set up management teams to exploit licensing opportunities.

Such a process might attract private sector funds to exploit such opportunities, they add.

"While licensing can be a useful aid to innovation and new product development, it must be recognised that there are substantial problems involved in its utilisation. These may be particularly acute in the case of the start-up entrepreneur, who is unlikely to possess high skills in all the areas of marketing, finance, etc., in general, and licensing in particular. It seems probable therefore that specific advice for potential entrepreneurs would have to be provided if licensing were to be used more.

Several "marriage bureau" type operations do already exist in the private sector dedicated to matching opportunities to entrepreneurs. But the researchers say there is at present no body which carries the process one stage further by taking the initiative and setting up "agreements leading to company formations."

Conference papers available from School of Management, Bath University, Claverton Down, Bath. Price £25.

Arnold Kransdorff

Competition for accounts

COMPANY reports and accounts can play an important part in bolstering the image of a business and among other things communicating with its employees. But many small firms do not make much of an effort to make them readable or informative.

A competition to highlight the possibilities for private companies has been organised by the Director Magazine with the assistance of accountants Robson Rhodes. The winning report will be judged on the quality of financial information provided and its sucess in getting its message across to users.

Entries are restricted to the UK's 822,000 private companies with an accounting period subsequent to April 1981. Entries must be submitted by October 31 to The Director Magazine, 116 Pall Mall, London SW1Y 5ED. First prize is a portable business computer which can be fitted into a car.

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Please write in the strictest confidence to Box G.8301, Financial Times, 10 Cannon Street, London EC4P 4BY - All enquiries will be acknowledged

WHOLESALE/DISTRIBUTION

£300,000 p.a. T/O profitable London Wholesale/Distribution business seeks discussions with 3, 4 or 5 others of a vaguely similar size and nature to explore the possibilities of a full/part merger. There must be substantial cost savings achievable somewhere along the line. *Please reply in very strict confidence to Box G.8347, Financial Times, 10 Cannon Street, London, EC4P 4BY.*

• INVOICE DISCOUNTING • IMPORT/EXPORT FINANCING

Domestic Invoices Discounted: Letters of Credit opened: Back to Back L/Cs.

Contact Roger Compton at: FORBES CAMPBELL (FINANCE) LTD. 9 Artillery Lane, London E1 7LP. Tel: 01-377 8484

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A new monthly publication to keep you abreast with the very latest new product developments world-wide. *For details of a FREE TRIAL offer, write today:* New Products International, Dept. FT 9, 15 Salvage Lane, London NW7 3SS

PACKAGING COMPANIES

A progressive and consistently profitable packaging company, manufacturing high-quality precision engineered machines wishes to expand and diversify into other packaging markets (food, confectionery, pharmaceutical, etc.). We would be interested to discuss with existing companies the following options:—

1. Licence to manufacture existing product lines;
2. Outright purchase of design rights to new or existing equipment;
3. Outright purchase of existing manufacturing operations.

Areas of interest are packaging, printing, labelling or related areas of manufacture.

For an exploratory discussion please write to the Marketing Manager, Box G.8343, Financial Times, 10 Cannon Street, London EC4P 4BY

MANUFACTURERS WITH GROWTH POTENTIAL

Private Group active in South of England and South Wales wishes to acquire Companies that feel an association with a larger and strong organisation would lead to further development and improved results. Management must remain and virtual autonomy will continue. Profit potential (or actual) must be £100,000 upward. Please write in absolute confidence to The Chairman, Box G.8346, Financial Times, 10 Cannon Street, London EC4P 4BY.

Lassair International

London Heathrow

FOR COMMERCIAL & BUSINESS AIRCRAFT SALES LEASE CHARTER

Tel: 01-897 2852 Telex: 916581

CARS SHOW ROOM, freehold preferably with filling petrol pumps Middlesex area. Immediate purchase. Keenly interested sellers please telephone 907 5434.

WE SEEK TO ACQUIRE CONTRACT HIRE COMPANIES

Currently operating car and van fleets in excess of 100 units. *Please write in the strictest confidence to:* The Managing Director, COWIE CONTRACT HIRE LTD., Hylton Road, Sunderland. Tel: 0783 44122

BUSINESSES FOR SALE

By Direction of the Receiver

DROITWICH WORCESTERSHIRE

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FOUNDRY ASSETS FOR SALE

with associated fabrication and pattern shops

SINGLE-STOREY MODERN FACTORY

with excellent range of foundry plant end equipment

including:

sand slingers, shot blast room, fettling booths, overhead cranes, radial drill, profile burner, milling machine, bandsaws, etc.

Further particulars from:

Grimley & son

01-836 9654

King Street Covent Garden London WC2E 8HN

TUBE MANIPULATION COMPANY

servicing the agricultural, earthmoving, mechanical handling and automotive industries. Turnover £1m. per annum, Leasehold factory and offices of 12,000 sq. ft. 35 employees. Situated in the South West.

Equipment includes up-to-date computerised inspection equipment and sophisticated bending machines with full back-up services.

Enquiries to:
B. C. Pike
Peat, Marwick, Mitchell & Co.
Richmond House, College Street
Southampton SO1 1HA
Tel: Southampton 31488 - Telex: 477829

or:
G. A. Milnes
Peat, Marwick, Mitchell & Co.
1 Puddle Dock, Blackfriars
London EC4V 3PD
Tel: 01-236 8000 Telex: 888018

Peat, Marwick, Mitchell & Co.

Export Packing Company For Sale

A Small Export Packing Company and Case Manufacturer.

- Ministry approved.
- Based in London.
- Experienced, loyal and willing workforce.
- Modern freehold premises.
- Currently loss making but good turnaround potential.
- Tax Losses.

Further Information:
A J Lee, Touche Ross & Co.,
Hill House
1 Little New Street
London EC4A 3TR
Tel 01 353 8011 Telex 261064

For Sale as Going Concerns

Textile Manufacturing Group

Assets and Businesses of Yorkshire Fine plc

Woollen Yarn Spinners	Recently re-equipped and occupying modern freehold premises. Capacity 10 tonnes per week of fine hosiery yarns and 6/7 tonnes per week of coarse knitting/weaving yarn. Specialists in angora and lambswool. **Holmfirth, West Yorkshire.**
Knitted Pile Fabric Manufacturers	Recently equipped and occupying new purpose-built freehold premises. Capacity 50,000 metres per week of sliver knit pile fabric. **Bradford, West Yorkshire.**
Upholstery and Curtain Velvet Weavers	Recently re-equipped and occupying freehold and modern leasehold premises. Capacity 15,000 metres per week of high quality dralon velvet. **Colne, Lancashire.**

For further details contact the Receiver and Manager:-

**Michael J. Arnold, FCA,
Arthur Young McClelland Moores & Co.,
Rolls House, 7, Rolls Buildings,
Fetter Lane, London EC4A 1NH.**

Arthur Young McClelland Moores & Co.

A MEMBER OF AMSA IN EUROPE AND ARTHUR YOUNG INTERNATIONAL

BIRMINGHAM-BASED WHOLESALE DISTRIBUTOR

specialising in lighting products. Several first-class agencies. Valuable modern leasehold premises. Will be of interest to substantial organisation/company with a view to establishing base in Birmingham and the Midlands in the electrical distribution field. *Please contact:* DOYLE, PRIESTLEY & ASSOCIATES, Chartered Accountants, 5 Trinity Terrace, London Road, Derby DE1 1DG. Derby (0332) 40496/40497

FOR SALE

LADIES FASHION BUSINESS

Well known name engaged in manufacture and retailing of high quality ladies fashion garments.

*Write Box G.8351, Financial Times
10 Cannon Street, London EC4P 4BY*

FOR SALE

BUSINESS AND ASSETS OF ESTABLISHED GLASS REINFORCED PLASTICS MANUFACTURER AND METAL FABRICATOR

Based in Birmingham, this company specialises in high-quality surface texture finishing on larger structures with prestigious customer list and substantial order book.

TURNOVER IN EXCESS OF £500,000.

Contact: J. Kenneth R. Jones,
ROBSON RHODES
Centre City Tower, 7 Hill Street,
Birmingham B5 4UU.
Tel: 021-643 5494 Telex: 339420 ROBSON G

Engineering Company Seeks Work or for Sale

Old Established Sheffield manufacturer of capital equipment in strip steel processing machines up to 20 tonnes. Rolls Royce approved fabricating up to 5 tonnes. Interested in acquiring work or outright sale. The company has a competent design team, can manufacture on extensive range of prototype machines and is actively seeking diversification. Area 14,000 sq ft. Net assets over £200,000.

Write Box G8321, Financial Times, 10 Cannon Street, London EC4P 4BY

RETAIL TOILETRIES/ DRUGSTORE CHAIN

FOR SALE AS GOING CONCERN

Five leasehold units based in Portsmouth area, plus central warehouse. Turnover approximately £400,000 per annum.

For further details, please contact the Receiver:—
MR. J. E. MACMILLAN, THORNTON BAKER
Enterprise House, Isambard Brunel Road,
Portsmouth PO1 2RZ
Tel: 0705 753175. Telex: 869112

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E. H. Andre Plant (new 1979) with all ancillary machinery spares, works equipment and internal transport—cap. up to 60 cu. metres per shift.

1.25 acre freehold site with 8,000 sq. ft. single-storey Sawmill Building (new 1978/9).

Excellent local timber supplies.

For further details contact
C. J. C. Derry, F.R.I.C.S., F.S.V.A.,
HENRY BUTCHER & CO.,
Brownlow House, 50/51 High Holborn, London, WC1V 6EG.
Tel: 01-405 8411

Main Vauxhall/Opel Dealers for Sale in South Wales industrial town

Modern well maintained and equipped showrooms and garage premises. Annual turnover over £1,200,000 including substantial repair work.

Principals only please write in the first instance to:
*Box G.8349, Financial Times
10 Cannon Street, London EC4P 4BY*

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Replies from principals only, in confidence to:—
John R. Stephenson, Chairman,
STEPHENSON ASSOCIATES,
International Marketing & Business Services,
P.O. Box 115, AMERSHAM, Bucks. HP6 5SE.

Specialists in locating distributors, joint ventures and mergers in high technology. General enquiries stating requirements also welcome.

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Sale as a going concern.

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with some cash assets available.

For details please write Box G.8350, Financial Times 10 Cannon Street, London EC4P 4BY

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Readers are recommended to take appropriate professional advice before entering into commitments

BUSINESS ADVERTISING appears EVERY TUESDAY

For further information contact:
PENNY SMITH
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WITHAM:
20 tables - 12 months trading

HALSTEAD:
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All Clubs fully licensed—Luxuriously appointed. Total barrelage approx. 900 p.a. Excellent profit record.

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Thriving business, one of the most efficient of its kind in the country, with a turnover of £450,000 and a high gross profit. Good order book and contracts. A skilled and experienced workforce is available.

Enquiries to Box G8353, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE SLOUGH

Small specialised Light Engineering and Toolmaking Company. Rented premises of approximately 3,000 sq ft. Skilled workforce. Established but limited clientele. Good potential for diversification and increasing present turnover of £250,000.

For further details, write Box G.8336, Financial Times, 10 Cannon Street, London EC4P 4BY.

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Highest credentials: ARELS member. Superb freehold headquarters building. Income £300,000 p.a. Gross profit £85,000 p.a. Price £350,000.

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01-949 5461. Principals only.
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LOCH NESS

A unique caravan and camping park with ½ mile frontage to Loch Ness is being offered on the open market for the first time in its 30-year history. 6-bedroomed house with panoramic loch views included. Tremendous potential.

Telephone 0320 51207 for further details

APPOINTMENTS

Midland Bank's Swiss venture

MIDLAND BANK has acquired from Banca Commerciale Italiana (BCI) 69 per cent of the capital of Handelsfinanz Bank of Geneva. It is being renamed Handelsfinanz Midland Bank. BCI will retain 11 per cent. The other shareholders are Union Bank of Switzerland with 10 per cent, Credit Suisse with 5 per cent and Sumitomo Bank with 5 per cent. Mr Jack Hendley, a senior general manager, and Mr Hervé de Carmoy, a general manager, of Midland Bank have been elected to the board. Mr Sencar Toker, a Midland assistant general manager, has been appointed chief executive. Mr Raffaele Lombardini, formerly chief executive, has been elected vice-chairman. Mr Guido Hanselmann, an executive vice-president of Union Bank of Switzerland, remains chairman.

★

Mr Orlando Raimondo has been appointed assistant managing director of PIRELLI GENERAL. He will succeed Mr A. C. Essex as managing director from January 1. He joins the company from the Pirelli Cable Corp, where he was executive vice-president.

★

Mr Joseph Fattorini has advised the board of EMPIRE STORES (BRADFORD) that he wishes to retire as a non-executive director on September 30.

★

Mr Alan S. Fox, a non-executive director of LONGTON INDUSTRIAL HOLDINGS has been appointed deputy chairman and Mr Harry Smith, a director, has been appointed deputy group managing director.

★

Mr Peter J. Dunkerley has been appointed a director of MARY QUANT HOLDINGS and its subsidiary Mary Quant Limited.

★

Mr Derek E. Biggs will succeed Mr Henry G. Armstrong as managing director of STENHOUSE SYNDICATES and its subsidiary underwriting agency companies—Stenhouse Reed Shaw (Underwriting Agencies), Stenhouse Harman (Underwriting Agencies), Redgrove and Everingtoo and Stenhouse Epps (Underwriting Agencies). Mr Biggs will be joining these boards on January 1 and will be appointed managing director when Mr Armstrong retires on September 30 1983. Mr Biggs will be resigning from his present position as managing director of Reed Stenhouse Marketing.

★

Mr R. A. McCabe has been appointed deputy managing director of John Brown's gas turbine subsidiary, JOHN BROWN ENGINEERING.

★

Ms Ann Selznick has been appointed sales and marketing director for the GARLAINE group of companies, incorporating Trilaine, Linda Leigh and Garlaine.

★

Mr Tim Neame has been appointed a director of MSL EXECUTIVE SEARCH. He joined the company in December 1980.

★

Mr David Carruthers, previously a corporate general manager at TURNER AND NEWALL has been appointed a director from October 1.

★

Mr E. J. Dawson, general manager, LLOYDS BANK, is being seconded to Lloyds Bank International as an executive director from October 1 and, towards the end of the year, will assume the direction of LBI's European division. Mr A. L. Kingshott, at present executive director, European division, will become executive director, marketing and planning.

★

Mr D. C. K. (Charles) Allen has been appointed managing director of WOODSIDE PETROLEUM and chief executive of the Woodside group of companies, from October 1. He was seconded from the Royal Dutch Shell Group in January 1980 to become the senior executive officer of the Woodside Group. He has now resigned from the staff of the Royal Dutch Shell Group. Mr Ian McM Clubb will be appointed general manager finance of Woodside Petroleum. He will be resigning as financial director of the International Thomson Organisation.

★

Mr Bryan Emmett has been appointed chief executive of the MANPOWER SERVICES COMMISSION'S employment service. He takes up his new post on November 15 and will be based at the MSC's headquarters in Sheffield. He is currently an under secretary at the Department of Energy and he will succeed Mrs Jean Collingridge who retires shortly.

★

Mr Andrew Alers-Hankey and Mr James Lally have been appointed to the board of SOTHEBY PARKE BERNET GROUP. Mr Alers-Hankey, who has been UK finance director since 1976, will continue as managing director of Sotheby Parke Bernet and Co and will become group finance director in December in succession to Mr Peter Spira who will be joining Goldman Sachs International Corporation as vice-chairman in January next year. Mr Spira will remain on the board of Sotheby Parke Bernet Group as a non-executive director. Mr Lally, executive vice-president of Sotheby Parke Bernet Incorporated in America, has been with the group for 12 years.

★

Mr Bryan Hope has been appointed chief executive of IPC BUSINESS PRESS from October 1. He continues as chairman of IPC Exhibitions and a director of the Butterworth group. He is current chairman of the Periodical Publishers Association.

★

Mr P. W. Sipthorp has been appointed an associate director of KIRKLAND - WHITTAKER (STERLING BROKERS).

★

Mr S. E. Blurton, chairman of ICI organics division since 1979, is retiring on March 31 1983. Mr A. T. G. Rodgers, an organics division deputy chairman, has been appointed chairman from April 1 1983. He was a senior vice-president of CIL Incorporated, the principal ICI subsidiary company in Canada, before returning to organics division as a deputy chairman on September 1 this year.

★

After 10 years in London, Mr Norman J. Lang is to return to the ROYAL BANK OF SCOTLAND'S Edinburgh head office as assistant general manager — branch department, from October 4.

★

Mr J. W. Shield, group finance director of Lucas Industries, has joined the board of RENOLD as an external director.

★

Mr Ron Miller has been appointed managing director of HERMES PRECISA UK.

★

Mr G. M. Hedges, chairman of the committee of management of the LIVERPOOL VICTORIA FRIENDLY SOCIETY, has retired and Mr L. J. Baker, deputy chairman, retires on October 30. Following the retirement of Mr Baker, Mr E. Thiele, will be appointed chairman and Mr H. E. Bowley, deputy chairman. Mr W. R. Grylls, area manager, southern area, will be co-opted to the committee of management to fill one of the resulting vacancies. The other will not be filled.

★

Miss Gillian O'Connor has been appointed editor of the INVESTORS CHRONICLE, a Financial Times publication. She joined Investors Chronicle in 1971 as a specialist writer and analyst from four years at The Times, including three years as insurance correspondent. Since that time she has risen from assistant editor to managing editor and to deputy editor in 1977. Since May this year she has been acting editor of the magazine. The new editor will be supported by Mr Brian Reading appointed to the new position of contributing editor, and who will be writing regularly for the Investors Chronicle. Mr Reading is author aod editor of Monthly Mnnitor and since 19 ? has been partner of International Advisory Associates, a brokerage and research bouse. Mr Joe Rogaly became publisher of the Investors Chronicle. He is chairman of FT Business Publishing.

RACING

BY DOMINIC WIGAN

WITH ONLY a few more weeks of the flat season left, the focus of attention is turning to the jumpers. Serious form students will now do well to consider obtaining a copy of Chasers and Hurdlers 1981-82.

This, the latest in the Timeform stable, is as comprehensive as any of their past annuals. Aimed at supplying accurate information about the merit and racing character of every horse in action over the sticks, Chasers and Hurdlers 1981-82 sets out to be of the greatest practical use in assessing the prospects of runners in any given race.

As always, the merit of each of the thousands of horses who have run in the previous National Hunt season is given as a rating in pounds: the assessment being the number of pounds which the horse's performances would entitle it to receive in a universal handicap.

Ratings range from around 175 (12 st 7 lb) for the best down to below 80 for the worst.

For example, last spring's Champion Hurdle winner, For Auction, is with his rating of 174 considered marginally better by the Timeform assessors than Daring Run (171).

As is always the case when the latest editions of Chasers and Hurdlers appears on the bookstalls, there are many bones of contention. Here not a few will disagree with me for thinking that, had fortune been kinder to him, Daring Run would have been the undisputed champion hurdler of the 1981-82 campaign. But whatever the merit of that belief, few will disagree on the book's overall quality.

Chasers and Hurdlers 1981-82 is available from Timeform, Timeform House, Halifax, West Yorkshire, at £38.

GOODWOOD

2.00—Kwela
2.30—Zoffany*
3.30—Hold Tight***
4.30—Kankas**

TELEVISION

Tonight's Choice

A very good night's viewing—at least if you regard television mainly as a relaxer. On BBC 1 at 7.45 Paul Heiney takes on a remarkable challenge in In at the Deep End. Within six months this non-rider is to compete with the country's top horsemen in a three-day event which includes a 15 mile cross country marathon. The Duke of Edinburgh is among his distinguished corner men.

Later there is a documentary about the siege which won Malta the GC in the war, and a look at the buskers of London. Finally in a new series, Who Runs Britain? Anthony Sampson updates his views on the Establishment. This is matched on BBC 2 with a repeat of the enjoyable Kenny Everett Television Show and the second of the four-part series Take Three Women, which follows the fortunes of Take Three Girls, 13 years on. This week it is Angela Down as Avril, with new problems.

After the escapism of The Agatha Christie Hour on ITV at 9, the ultra-escapism of Chicken Ranch. The Chicken Ranch is a legalised brothel in the Nevada Desert, 70 miles from Las Vegas. The film, which took two months to shoot, takes the part of the 12 girls who make around £2,000 each a week being nice to rich men.

ANTONY THORNCROFT

BBC 1

6.40-7.55 am Open University (Ultra High Frequency only). 9.00 For Schools, Colleges. 12.30 pm News After Noon. 1.00 Pebble Mill At One. 1.45 Bagpuss. 2.00 You And Me. 2.14-3.00 For Schools, Colleges. 3.15 Songs of Praise from Bax church, Shropshire. 3.53 Regional News for England (except London). 3.55 Play School. 4.20 Puzzle Trail. 4.35 Play Away. 5.00 Newsround with Paul McDowell. 5.10 With My Little Eye by Richard Cooper. 5.35 Willo the Wisp.

5.40 News.
6.00 Regional News Magazines.
6.25 Nationwide.
6.50 Angels.
7.15 Last of the Summer Wine.
7.45 In At The Deep End:
8.35 Taxi.
9.00 News.
9.25 Malta GC: Tonight's documentary tells the story of the siege of Malta which began on June 11 1940 and lasted until September 1942.
10.15 Ice Skating: The St Ivel Ice International from Richmond Ice Rink.
10.55 Buskers: The buskers' hazardous and adventurous lives are followed by the cameras along the streets and the Underground.
11.33 News Headlines.
11.35 Who Runs Britain?

BBC 2

6.40-7.55 am Open University.
9.30 Labour Party Conference.
11.00 Play School.
11.25-12.30 and 2.00-5.00 pm Labour Party Conference.
5.10 The School Broadcasting Council.
5.35 Cartoon Two.
5.45 Charlie Brown.
6.10 One of the Family.
6.30 News Summary
6.35 John Ford Season: "The Searchers."
8.30 Top Gear.
9.00 The Kenny Everett Television Show.
9.30 Take Three Women.
10.25 Jack High.
10.55-11.55 Newsnight.

LONDON

9.30 am Schools Programmes. 12.00 am Pullover. 12.10 pm Let's Pretend. 12.30 The Sullivans. 1.00 News with Leonard Parkin, plus FT Index. 1.20 Thames News with Robin Houston. 1.30 Crown Court. 2.00 After Noon Plus. 2.25 Labour Party Conference from the Winter Gardens, Blackpool. 3.45 Father, Dear Father. 4.15 Dangermouse. 4.20 Razzmatazz. 4.45 CBTV—Channel 14. 5.15 Emmerdale Farm.

5.45 News.
6.00 Thames News, with Andrew Gardner and Rita Carter.
6.20 Help! Community Action with Viv Taylor Gee.
6.30 Crossroads.
6.55 Reporting London.
7.30 Give Us A Clue: Michael Aspel with team captains Una Stubbs and Lionel Blair.
8.00 Never The Twain, starring Donald Sinden and Windsor Davies.
8.30 Benny Hill: Appearing with Benny Hill are Henry McGee, Bob Todd, Jack Wright and Love Machine.
9.00 The Agatha Christie Hour.
10.00 News.
10.30 Chicken Ranch.
12.00 Ladies' Man.
12.25 am Close: "Sit Up and Listen," with Sarwar Rija.

† Indicates programme in black and white

All IBA Regions as London except at the following times:

ANGLIA

12.30 pm Gardening Time. 1.20 Anglia News. 3.45 Looks Familiar. 6.00 About Anglia. 7.00 Emmerdale. 12.00 Preview. 12.30 am Tuesday Topic.

BORDER

1.20 pm Border News. 3.45 Looks Familiar. 5.15 Happy Days. 6.00 Lookaround Tuesday. 7.00 Emmerdale Farm. 12.00 News Summary.

CENTRAL

12.30 pm The Young Doctors. 1.20 Central News. 3.45 Looks Familiar. 5.15 Private Benjamin. 6.00 Crossroads. 6.25 Central News. 7.00 Emmerdale Farm.

CHANNEL

12.30 pm Paint Along with Nancy. 1.20 Channel Lunchtime News and What's On Where. 3.45 Survival. 6.20 Crossroads. 5.00 Channel Report. 6.30 Diff'rent Strokes. 7.00 Looks Familiar. 10.28 Channel Late News. 12.00 Commentaires et Previsions Meteorologiques.

GRANADA

1.20 pm Granada Reports. 2.00 Exchange Flags. 3.45 Looks Familiar. 5.15 Happy Days. 6.00 This Is Your Right. 6.05 Crossroads. 6.30 Granada Reports. 7.00 Emmerdale Farm. 12.00 The Odd Couple.

GRAMPIAN

12.30 pm Gardening Time. 1.20 North News. 3.45 Looks Familiar. 6.15 Emmerdale Farm. 6.00 North Tonight. 7.00 Happy Days. 12.00 North Headlines.

HTV

12.30 pm Gardening Time. 1.20 HTV News. 3.45 Looks Familiar. 5.15 A New Kind Of Family. 6.00 HTV News. 7.00 Emmerdale Farm. 10.28 HTV News. 12.00 Living Legends Of Jazz And Blues.

HTV Cymru/Wales—As HTV West except: 10.04-10.19 am Wales And The Sea. 12.00-12.10 pm Yr Eliffant Glas. 4.16-4.45 Ar El Ol. 6.00 Newyddion. 6.05-6.35 Report Wales. 10.30 Taledu Yng Nghymru. 11.15-12.45 am Chicken Ranch (As HTV West 10.30 pm).

SCOTTISH

12.30 pm Gardening Time. 1.20 Scottish News. 3.45 Looks Familiar. 5.15 Crossroads. 5.40 Job Spot. 6.00 Scotland Today. 6.30 What's Your Problem? 7.00 Take The High Road. 12.00 Late Call.

TSW

12.30 pm Paint Along With Nancy. 1.20 TSW News Headlines. 3.45 Survival. 5.15 Gus Honeybun's Magic Birthdays. 5.20 Crossroads. 6.00 Today South West. 6.30 Diff'rent Strokes. 7.00 Looks Familiar. 10.32 TSW Late News. 12.00 Postscript.

TVS

1.20 pm TVS News. 3.45 Looks Familiar. 5.15 Diff'rent Strokes. 6.00 Coast To Coast. 7.00 Emmerdale Farm. 12.00 Company.

TYNE TEES

9.20 am The Good Word. 9.25 North East News. 1.20 pm North East News and Lookaround. 3.45 Benson. 5.15 Survival. 6.00 North East News. 6.02 Crossroads. 6.25 Northern Life. 7.00 Emmerdale Farm. 10.30 North East News. 12.00 Briefly Met, Long Remembered.

ULSTER

1.20 pm Lunchtime. 3.45 Looks Familiar. 4.13 Ulster News. 5.15 Stay Alive with Eddie McGee. 6.00 Good Evening, Ulster. 7.00 Emmerdale Farm. 10.29 Ulster Weather. 12.00 News at Bedtime.

YORKSHIRE

12.30 pm Looks Familiar. 1.20 Calendar News. 3.45 Calendar Tuesday. 5.15 Mr Merlin. 6.00 Calendar (Emley Moor and Belmont editions). 7.00 Emmerdale Farm.

RADIO

(S) Stereo (when broadcast on VHF)

RADIO 1

5.00 am As Radio 2. 7.00 Mike Read. 9.00 Simon Bates. 11.30 Dave Lee Travis. 2.00 pm Steve Wright. 4.30 Peter Powell. 7.00 Talkabout. 8.00 David Jenson. 10.00-12.00 John Peel (S).

RADIO 2

5.00 am Peter Marshall (S). 7.30 Terry Wogan (S). 10.00 Jimmy Young (S). 12.00 Gloria Hunniford (S). 2.00 pm Ed Stewart (S). 4.00 David Hamilton (S). 5.45 News, Sport. 6.00 John Dunn (S). 8.00 The Magnificent Minnellis (S). 9.00 Listen to the Band (S). 9.30 The Organist Entertains (S). 9.55 Sports Desk. 10.00 Kenneth Williams. 11.00 Brian Matthew presents Round Midnight (stereo from midnight). 3.00 am Encore (S). 2.00-5.00 You and the Night and the Music (S).

RADIO 3

6.55 am Weather. 7.00 News. 7.05 Morning Concert (S). 8.00 News. 8.05 Morning Concert (continued). 9.00 News. 9.05 This Week's Composer: Puccini (S). 10.00 Fantasy Quartets for Oboe and Strings (S). 10.40 Ives (S). 11.20 Fou Ts'ong piano recital (S). 12.15 pm Haydn: Nelson Mass (S). 1.00 News. 1.05 Music for Woodwind and Keyboard (S). 2.00 Music Weekly (S). 2.50 Stenhammar (S). 3.30 University of Wales Recital (S). 4.55 News. 5.00 Mainly for Pleasure (S). 6.30 Jazz Today (S). 7.00 "Le Roi Arthus" (King Arthur opera in three acts by Chausson (sung in French Act 1 (S). 7.45 Encounters. 8.05 "Le Roi Arthus." Act 2 (S). 8.10 Splices (short story). 9.30 "Le Roi Arthus," Act 3 (S). 10.40 Apocryphal Stories by Karel Capek. 10.45 Terence Judd piano recital (S). 11.15-11.18 News.

RADIO 4

6.00 am News Briefing. 6.10 Farming Today. 6.25 Shipping Forecast. 6.30 Today. 8.43 More Tales From A Long Room. 8.57 Weather, travel. 9.00 News. 9.05 Tuesday Call: Wine and Beer Making. 10.00 News. 10.02 From Our Own Correspondent. 10.30 Morning Story. 10.45 Daily Service (S). 11.00 News. 11.03 Thirty-Minute Theatre. 11.33 Wildlife. 12.00 News. 12.02 You and Yours. 12.27 Quote . . . Unquote (S). 12.55 Weather, travel, programme news. 1.00 The World at One. 1.40 The Archers. 1.55 Shipping Forecast. 2.00 News. 2.02 Woman's Hour. 3.00 News. 3.02 The Bride of Lammermoor by Sir Walter Scott (1). 4.00 News. 4.02 Just After Four (title by farmer John Charrington). The Silent Continent. 4.40 Story Time. 5.00 PM: News Magazine. 5.50 Shipping Forecast. 5.55 Weather, programme news. 6.00 News. 6.30 Top of the Form. 7.00 News. 7.05 The Archers. 7.20 Medicine Now. File On 4. 8.20 Alistair Cooke's The Instruments of Jazz (11 The Trumpet) (S). 8.50 Haven of Refuge. 9.05 In Touch. 9.30 Kaleidoscope. 9.59 Weather. 10.00 The World Tonight. 10.30 India: A Land of Abundance (S). 11.00 A Book at Bedtime. 11.15 The Financial World Tonight. 11.30 Conversation Piece: The seventh Marquess of Anglesey, biographer and historian of the British cavalry. 12.00 News.

THE ARTS

Television/Frank Lipsius

CBS cable casualty

While Britain gets excited by the prospect of cable television, the U.S. has just witnessed the first reversal in the fortunes of a cable network and the prospect of more failures before the medium profitably finds its audience. The American cable networks bent on finding small but affluent viewers for its programming have discovered advertising agencies less than enthusiastic collaborators in the exploration of new markets.

The first victim of this dilemma is CBS Cable, a cultural channel that America's most popular network installed less than a year ago with high-minded fare including opera, ballet and searching interview programmes. If anyone should have understood advertisers' mentality it was William Paley, who built CBS on his knack for making Madison Avenue go along with his self-aggrandising schemes, starting in the days of stealing talent from the established NBC network to the divorce of advertisers from the producing of programmes altogether. The demise of the cable channel comes within a week of Paley's announced retirement after more than 50 years in the vanguard of radio and television development.

CBS Cable was his baby. His secret passion was cultural programming, and he thought CBS could maintain its audience share in the age of cable merely by finding the upmarket watchers who abandoned network TV when it curtailed its off-hours do-gooding in the face of increasing ratings wars. The major networks now are considered "cultural" for carrying long news programmes; Paley remembers the days when "the Tiffany of networks" had Leonard Bernstein teaching kids about serious music.

Besides killing off its own high-minded ambitions, CBS might have put paid to any efforts to link cable television and culture. ABC persists with its own less ambitious cultural channel, but a pay-television network called Bravo, which CBS at one point tried to lure into buying its cable network, is having its own problems keeping afloat. Thanks to CBS's prestige and the $30m it lost in operating costs the first year, it will scare off any but the most ambitious from its abandoned turf.

This is unfortunate, because its reported production costs of $100,000 an hour need not be an industry standard. In addition, CBS might have scared off advertisers with its minimum million-dollar budget for potential customers. For a channel that lacks the normal ratings measurements on which advertisers dote, such high-handedness courted resistance and diluted the value of CBS Cable's proudly announced 5m subscribers.

If CBS's cable failure proved that advertisers were not ready for the new medium, it may take comfort in the solid standing of the main network. Having won back its ratings preeminence over ABC, CBS has a number of new network shows that are expected to do well in the coming season.

It struck a lucrative vein in the summer replacement series, *Filthy Rich*, which has been given a slot in the regular season programming. A parody of CBS's own successful prime-time soap operas like *Dallas*, *Filthy Rich* takes place in Toad Hall, a Memphis mansion in which feuding members of Big Guy Beck's family must co-habit by the terms of his videotaped will.

The first episode in the series goes right to the source of the wave of rich southern family feuds with a malicious and funny conflict right out of *Cat on a Hot Tin Roof*. The rather more delicate manoeuvring which Tennessee Williams placed before Big Daddy's death occurs over the coffin in the television series, with Big Guy's appearance confined to a filmed version of his will which is jocularly read to the assembled family members in the presence of the family lawyer.

Dixie Carter is a snarling vicious daughter-in-law unable to conceal her contempt for the rest of Big Guy's family, which is belatedly revealed to include a simple and unoffending illegitimate son now forced to take up residence in Toad Hall. Big Guy also leaves behind a voluptuous wife of ten months' standing whose avarice matches her step-daughter-in-law's and contrasts with the homely modesty and appeal of his elderly first wife, played sweetly by Nedra Volz. Rounding out what CBS dubs this "homicidal family" is Big Guy's favourite younger son, Stanley, played by Charles Frank as an independently wealthy bachelor who the women adore.

Besides welcoming an old favourite, Bob Newhart, back with a new series, CBS also resurrects a veteran of the original *All in the Family* series, Sally Struthers, for her own series, *Gloria*, in which she remains the daughter of the now absent Archie Bunker.

The new series takes Gloria into the country, where she finds a job as an assistant to an understanding but firm veterinarian played by Burgess Meredith. As a single parent with a son, Joey, played by Christian Jacobs, Gloria is forced to accept the bumbling job that entails cleaning out animals' cages while the rest of the work force labouring out of the vet's home wonder why another employee is needed at all.

Forced smiles and determination show Miss Struthers at her acting best in a series that will present sequences of surmountable obstacles geared for hard times. As the vet asks sweetly in the first episode, "The important thing is the job, isn't it?"

While CBS has improved its day-part ratings of soap operas with provocative shows like the cleverly titled, *The Young and the Restless*, all the networks share the possibility of having big holes appear in their schedules with the players' strike of the National Football League. It might be said that CBS inspired the players' stoppage with a five-year contract that promises more than a billion dollars to the football league and its teams. The network took the precaution of making a deal to show college football games in place of cancelled professional games, but no one at CBS is willing to estimate the real effect of the cancelled shows on its schedule or income from advertisers.

CBS is also taking a major stake in late-night programming by instituting news programming that network executives consider a good lead-in to their other news shows and a training ground for news broadcasters. Having fought back to regain popularity for its evening news broadcast with Dan Rather, the replacement for the missed Walter Cronkite, CBS News continues to build on the prestige and success of its ever-popular *60 Minutes* news-magazine show.

In a period of much change in people's viewing habits, let alone new enticements for entertainment like video games and preprogrammed video tapes, CBS got burned in its initial foray into placing itself for the future. Without William Paley, it may not take the gamble that CBS Cable represented, but it hopes to extend its present advantage as long as viewers show some loyalty to the networks and their generation-long legacy.

Portraits of the artist—Matisse with model in 1939 and a 1932 photograph of Dali.

Art/Roy Strong

Inside the artists' studio

The white womb of the Marlborough Fine Art Gallery in Albermarle Street offers perhaps London's most stylish setting for photographic exhibitions. The ability of the gallery to move from paintings to prints on to photographs in rotation speaks volumes as to our total acceptance of the latter art in a way unthinkable a decade ago. The exhibition of Brassai's photographs of artists is pure pleasure for the visitor. It is a totally unharrowing experience and assembles a top of the pops of the art world from the pre-War era. Virtually everyone is dead now and there is no photograph later in date than 1965. So in a way this is an old master show of old masters.

The cast Brassai assembles is one any photographer would envy: Bonnard and Picasso, Léger and Matisse, Dali and Giacometti, Maillol and Vollard. The photographs remind the onlooker of the sanctity of the studio and the artist's workshop. Without the mystique established by artists of the Romantic movement around their studios Brassai's photographs could never have been taken. They fulfil for us preconceived notions and fantasies. Such preconceptions are fed into our eyes and minds every time the curtain goes up on the first act of *La Bohème*: the attic, the pile up of half-finished canvases, the palette, brushes and easel, the stove and the view across the rooftops of Paris. It is all still there in the studios Brassai photographs: indeed, in perhaps his most brilliant photograph, Picasso is seen still sitting by his studio stove even in 1939, well on into the age of electricity and central heating. A stove-pipe also wends its way across a view of Maillol's studio about 1932; it figures in the foreground of a second view of another studio of his in 1937; Braque is still busy stoking-up his in 1946; and there it is again, bespattered with plaster, in Giacometti's studio in 1948.

In the old days the studio would be filled with casts after the antique, or engravings after the great masters. Now it is reproductions of works of art that are pinned up. In the case of Bonnard these include Vermeer's *Street in Delft*, *Une Baignade* by Seurat, a Gaugin and a Monet, all of which speak of the visual roots of the man. In that of Dali it is Vermeer's girl holding a pearl necklace and his lace-masker, Piero della Francesca's craggy profile of Federico da Montefeltre and Raphael's St Catherine. There are those old studio props, the chair and couch. The straw-seated chair in Picasso's studio in the Rue la Boétie draws directly on Van Gogh. A couch sprinkled with paint is pushed into one corner of Bonnard's studio, while on it in Matisse's a nude reclines for the master's observation. The camera focusses on endless palettes: Bonnard's on a table, Dali's held in an extended hand, Braque at his easel. The master at his canvas is another recurring theme of which perhaps Brassai's most hypnotic image is the backview of Bonnard in tragic old-age daubing away at four canvases hung up like so much dirty washing on a wall before him.

If I was asked which series caught best the magic of creation it must surely be the extraordinary photographs taken of Matisse in 1939. The studio is relatively free of clutter. It is airy, light and white with vases of flowers. The model is of quite exceptional beauty, the mood of the artist one of deep, almost religious, contemplation, a mood totally undispelled while Brassai set about taking his ravishing series of photographs on a theme as old as art itself.

The quality of the prints is variable, nothing to compete with the astounding technical level of Penn, and one or two seemed to be blurred and out of focus. On the whole Brassai's compositions are lit from the back, giving an aureole to the sitter or his work, or from the side, aimed at a hallucinatory chiaroscuro effect. He toys with mirror reflections more than once in which he includes himself, Van Eyck or Velasquez, and he is fond of glimpses through doorways looking in recession as in a Dutch interior where we are left wondering about the rest of a room that we cannot see. Occasionally there are portraits proper and these tend to be front-lit: Dali's huge demon pupils, Maillol's magisterial nose or the open-mouthed gormlessness of Kokoschka.

Artists' physical appearances rarely live up to our anticipation excited by their work. Léger looks more like a ticket collector, Miro like an insurance agent, or Matisse like an old abbé. Only occasionally an extrovert such as Dali fulfils the role that the public has assigned the artist for the last century and a half. Dressed up like a reject from the *Arabian Nights* he balances a gigantic fisherman's basket on his head. But, no, they are an ordinary lot hardly worth a glance, nor indeed does Miro excite one as he walks through the streets of Barcelona.

Are these great photographs? I think that the answer must be probably not because they owe more to their content and subject-matter than to their creator. This view is reinforced by the book which has been issued concurrently with the exhibition *Brassai: The Artists of My Life* (Thames and Hudson, £20). In this the photographs are illustrations to Brassai's somewhat irritating diary entries of his encounters and conversations with the artists. To me these diminish the photographs, putting them into a truer perspective as photo-reportage, albeit that still on a high level. They tell us precisely what we want to know: Facts. The artist's appearance, how he used his hands either with a brush or modelling tools, the studio and the environment in which he worked. They do not go beyond those statements and lift the artist out into some extraordinary dimension which is Brassai first and his subject second. In that lies the secret of his success and of his failure.

Festival Berlioz/Lyon

David Murray

If the Lyon Palais des Sports administered what *Le Monde* called "le K.O. acoustique" to *Benvenuto Cellini*, Berlioz flourished in other halls. In fact the Festival opened out-of-doors with a concert of Berlioz arrangements by the city wind band (and two harps), more a civic experience than a musical one. But then we trouped into the Auditorium Maurice Ravel, which may have the most comfortable concert-seats in the world, to hear the newly created Orchestre Français des Jeunes — a body like our National Youth Orchestra, though more firmly tied to the state music schools—who rose to Festival standard at once.

I wrote last week that there is really too little Berlioz to fuel an annual festival. There are, however, several winning small pieces which rarely appear in regular programmes: the choral triptych *Tristia* is one of those, and Jérôme Kaltenbach conducted the Orchestre des Jeunes and the Lyon Orchestra's chamber choir in a performance of great delicacy and as much charm. Next day in La Côte St André, Berlioz's birthplace, the same choir contributed several deserving but neglected songs to a dramatised confection billed as "Une heure d'intimité avec Hector Berlioz" (like one of those Purcell Room musico-biographical exercises, but more histrionic). In the local château we then had *Harold in Italy* wiht Liszt's piano transcription of the orchestral part, which would have been memorable if the splendid violist Gérard Caussé had been matched by his partner, the merely efficient Jean-François Heisser.

Back in Lyon, the Philharmonia to give one concert three times with Marek Janowsky. By a curious chance, I reached home days later to find Radio 3 broadcasting the *Roi Lear* Overture conducted by Baudo, the Festival's artistic director, whose Festival performing has been confined to the half-hearted *Cellini*; Janowsky and the Philharmonia began with *Le Roi Lear*, and it revealed a Berlioz conductor of the first order. It is a work of knotty potential, difficult to shape as a whole. Maintaining iron control, Janowsky laid bare the febrile nerves of the score, and made more of the sheer suddenness of its events—the sharp turns on the heel, the unprepared plunges — than I have ever heard done: a revelatory reading.

No less penetrating sympathy was lavished upon *Herminie*, the very early cantata with which Berlioz failed to win the Prix de Rome. It takes a proper Festival to bring the likes of Grace Bumbry to sing *only* such a work; she delivered it with superb conviction and a diamond-cut line, and Janowsky explored the imaginatively wayward orchestral part for all it is worth. Which is a great deal: the interest of *Herminie* lies not merely in its use of the *idée fixe* of the later *Symphonie fantastique* (differently and tellingly developed), but in the daring originality of its whole structure.

Finally, Janowsky gave us a *Te Deum* of magisterial power. If the Lyon sopranos were sometimes taxed by high entries (and the boys' choirs, high in the Auditorium balconies, too faint) there were the imported basses of the fine Coro Easo de San Sebastian to supply an unyielding foundation for the "Judex crederis"; and the dull solo tenor in the Prayer could not spoil the effect already made by the great "Tibi omnes," blazingly fervent. London should hear Janowsky's Berlioz (though his new *Ring* cycle on Eurodisc is eagerly awaited)—a sterner, leaner sound than Colin Davis now favours, and an exciting comparison.

My visit was rounded off by *L'Enfance du Christ*, conducted by John Eliot Gardiner—with the Orchestre de Lyon, though he is about to assume the directorship of the new independent orchestra of the Opéra. It was a cool, lucid performance, overtemperate in the tenderest passages but skilfully engineered, and boasting admirable soloists. The Anglo-Saxon contingent carried much weight (as usual in International Berlioz): from the *Cellini* cast came not only the excellent Jules Bastin and François Le Roux but Cynthia Buchan as Mary (sweetly restrained, probably anxious not to raise echoes of her sparky *Cellini* Ascanio), and the young American John Paul Bogard offered a stylish, dramatically alert Herod.

Teresa Berganza had to cancel a recital: Regine Crespin stepped in, and then out again; at last Sheila Armstrong agreed to appear, decidedly *à l'improviste*. She chose the little Betjeman songs of Madeleine Dring ("String" on the programme-sheet), of which the only point is the words, of which the French made nothing, and anyway the singer kept forgetting them. Her accompanist Roger Vignoles was left unidentified, which seemed shocking until he undertook the accompaniments of Falla's Popular Spanish Songs, when it began to seem fortunate. Before venturing upon four of Berlioz's *Nuits d'été* songs Vignoles explained that they had had just three days to learn them, and Miss Armstrong added that they were "très difficile," and then—to an audience some of whom had been expecting Berganza, and some Crespin—they demonstrated the plain truth of those claims. It was disarming, but not disarming *enough*.

Païta v. Bruckner/Festival Hall

David Murray

On Monday Carlos Païta brought his Philharmonic Symphony Orchestra to play Wagner and Bruckner on the South Bank. The Prelude and "Liebestod" from *Tristan* took a long time, being unusually sluggish as well as thick and ill-shaped, so we were astonished to find that Bruckner's Eighth Symphony was to follow without a break—it is, after all, a grandly extended work that deserves and requires an alert audience as well as an alert orchestra.

The decision was partly explained, though in no way justified, by Mr Païta's tempi. He got through the entire Symphony in about 70 minutes, despite taking the Adagio at conventional speed (though virtually without expressive punctuation). Brucknerians will be able to deduce from that how matters went, if they can overcome their disbelief: both Allegro moderato movements—the first and the Scherzo—*and* the "Non allegro" Finale were driven along at a frantic *molto allegro*. There was no room for serious exposition, nor for any kind of musical articulation; it all sounded the same, like a jittery gallop through mud. All the players (who included many excellent performers) could do was to keep up as best they could.

Païta's right arm pumped unflaggingly up and down; his left hand was reserved for warning gestures of restraint to the violins, often when they were about to enter with an important theme. At climaxes the brass swamped everything. There was no reason to suppose that Païta *likes* Bruckner played this way, or indeed any other way; except—marginally—in the Adagio, he betrayed no sign of interpretative intentions at all. It was the craziest performance I have ever heard from a professional band.

Harveys 1982/83 arts sponsorship

Harveys of Bristol, have announced their sponsorship programme for Bristol and the West of England for the 1982-83 season.

Once again the principal recipients of this sponsorship will be the Bournemouth Symphony Orchestra and the Bournemouth Sinfonietta.

For the eighth successive season Harveys will sponsor the 13 concert series by the Bournemouth orchestras scheduled to run from October 6 to April 20, 1983 at Bristol's Colston Hall.

In addition Harveys will, for the sixth successive year, be sponsoring the Bournemouth orchestras' three performances at the Royal Festival Hall and Queen Elizabeth MHall, London in the 1982-83 season.

Allegri Quartet/Wigmore Hall

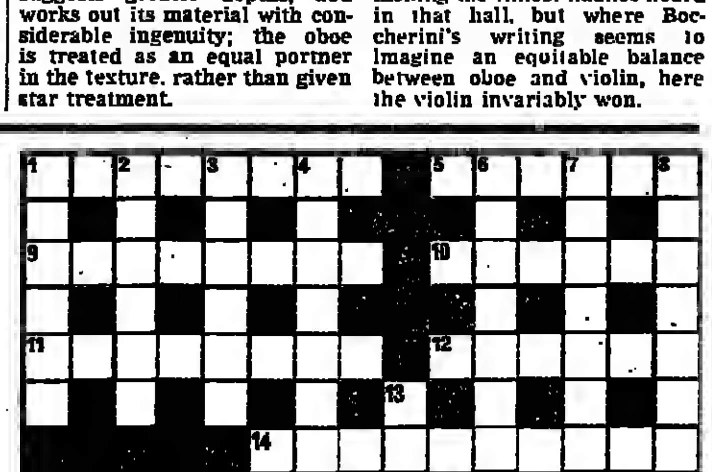
Andrew Clements

Its labours in the lunchtime Beethoven cycle at the Barbican ended, the Allegri Quartet relaxed in less demanding fare at the Wigmore Hall on Saturday. The group was joined by Sarah Francis for two Boccherini quintets for oboe and strings.

Boccherini wrote six oboe quintets as his Op 45. None of them is substantial; the whole set fits comfortably onto a single LP. They make cheerful and agreeable concert openers though the sixth in D minor, with which Miss Francis and the Allegri chose to end, suggests greater depths, and works out its material with considerable ingenuity; the oboe is treated as an equal partner in the texture, rather than given star treatment.

Yet, despite their lack of pretention, the quintets need careful handling. Close attention to balance and the niceties of phrasing are required, and the Allegri put too heavy a hand on much of the music. Good though it was to hear the quartet producing such a robust sound after the thinness of its playing two weeks ago in the Barbican, more thought and less enthusiasm would have been appropriate. Miss Francis's husky oboe tone was often obscured. As she proved in Brittan's *Ovid Metamorphoses*, she is more than capable of making the tiniest nuance heard in that hall, but where Boccherini's writing seems to imagine an equitable balance between oboe and violin, here the violin invariably won.

F.T. CROSSWORD PUZZLE No. 4,984



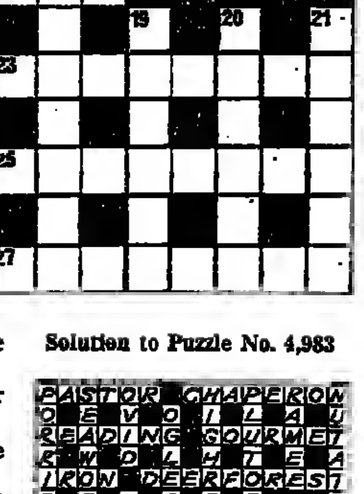
ACROSS

1 Shell makes vehicle speedy (8)
5 Stops airman taking wine (6)
9 Cup winners out of debt? False (8)
10 Way in final word on part of plant (6)
11 Make too much of problem of slow cricket (8)
12 Point to sounds from rock group (6)
14 Reason Paddy has pudding (6, 4)
18 Ancient smoky city (4, 6)
22 Sugar supplier embracing Northern Island doggy (6)
23 Fellow-soldier goes to gallery to think (8)
24 Smoking jacket? (6)
25 Fancy leaning towards visionary (8)
26 Soup starter plenty try (6)
27 Break nose (8)

DOWN

1 Players willing to start knitting (4, 2)
2 Put to flight as directed (6)
3 Coming before end of day to orderly house (6)
4 Wimbledon programme is judicially prescribed (5, 5)
6 Striking position (8)
7 Times can change concerning meaning (8)
8 Traces in broken container (8)
13 Tidied up place fit to use (3, 2, 5)
15 Soldiers making packets for their colleagues (3, 5)
16 Palatial House of Orange (8)
17 Bronte bachelor had a good race (8)
19 100-1 blackguard is joined by a shrill winger (6)
20 District in foreign capital hard to start (6)
21 Winner raising game of other sportsmen (6)

Solution to Puzzle No. 4,983



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Social welfare under question

IT IS perhaps one of Mrs Thatcher's greatest political achievements that she has, over the past three years, succeeded in blunting the British electorate's expectations of what government economic policy can deliver. Admittedly the government's recent relative popularity owes more to its handling of the Falklands crisis and to Labour's ineptitude than to its management of the economy.

But these factors alone cannot explain away the conjunction of more than three million unemployed and the findings of recent Gallup polls which show that the Conservatives have lost only one per cent of the voters' support since the last election, compared with a fall of 10 per cent for Labour.

Whether the electorate will show the same apparent tolerance of unemployment if the social security safety net is the subject of draconian cuts is another matter. The initial public reaction, in so far as one can detect it, to the Central Policy Review Staff's recently leaked suggestions for radical cuts in the welfare state has been less than euphoric. And it is instructive to consider, in the same context, the fate of West Germany's Free Democrats in this weekend's election in Hesse.

No doubt they lost their representation in the state parliament primarily as a result of the unattractive manner in which they deserted the coalition with Mr Schmidt's Social Democrats. But it seems probable that some voters were also frightened by the Free Democrats' sweeping proposals for cuts in welfare spending.

Debate

Mrs Thatcher's belief in fiscal rectitude is such that she can be relied on not to let the CPRS ideas to be quietly swept under the carpet. So they are bound to give rise to continuing debate.

In one sense there is nothing surprising or, in the view of some economists, inherently undesirable about public expenditure taking 45 per cent of Britain's gross domestic product. That is not high by the standards of other developed countries. And a rising demand for services such as health, education and retirement benefits is a natural concomitant of rising incomes.

Trouble arises, however, because these public sector services are peculiarly resistant to productivity improvement. Resources are easily misallocated because market signals do not operate. There are, in addition, longer term demographic problems which are beginning to impose pressure on pension systems throughout the developed world. A decreasing number of workers is having to support a growing number of retired people.

Everywhere politicians have been inclined to turn a blind eye to the long-term actuarial consequences of vote-winning social security gestures. The problems of supporting levels of public spending that looked acceptable in a period of economic growth begin to look daunting in a world of flat demand and financial upheaval.

Better placed

Britain is in many ways better placed than other developed countries. Its financial troubles are less severe. And the pension system is in less trouble than, say, that of the U.S. where the level of funding is desperately low in relation to pension liabilities. But unemployment is relatively high and looks like remaining so for some time. Successive British governments have also chosen to spend more on defence, as a percentage of gross national product, than any other Western nation apart from the U.S.

A genuine ideological debate now looms. On one side are those who believe that the whole welfare structure is precisely what makes it so difficult for the European economies to adjust to the shocks that have confronted them since the first oil crisis in 1973. On the other, stand those who believe that social maintenance expenditure is the one stabilising factor in an otherwise bleak economic and social landscape.

The long-standing post-war obligation to provide a comprehensive social insurance guarantee has always rested on the assumption of continuing economic growth. Any politicians willing to declare openly that the assumption must be questioned deserves some admiration. But it is simply not good enough to conduct the debate in private on the basis of an unpublished Think Tank document. Let us at least have a Green Paper before going farther down the road.

The Sino-Soviet overtures

LIKE a pair of divorcees, the Soviet Union and China seem to be warily trying to get back on speaking, rather than spitting, terms. While the Sino-Soviet split of the early 1960s probably shattered their romance for ever, the two Communist giants are discreetly attempting to patch up some of their old quarrels. The Soviet Union, to be sure, has been publicly making the running in this cautious diplomatic dance, but China has not remained totally a wallflower.

Significantly, President Brezhnev has chosen to make each of his two visits this year to Soviet Asian republics the occasion for a public overture towards Peking. This week be repeated, in Baku, that "normalisation and gradual improvement" of relations with China was a "very important" matter for the Soviet Union. This was less detailed and less fulsome than his Tashkent speech in March, but it showed that even after teh cool public reaction by the Peking leadership to his March initiative, Mr Brezhnev is persisting.

Mistake

Evidently, Mr Brezhnev sees grounds for hope that persistence will pay off. The Chinese have agreed to receive a senior Soviet official, expected to be Mr Leonid Ilyichev, a deputy foreign minister, in Peking next month. This could lead to a resumption of the Sino-Soviet border talks, last held in 1978 and suspended indefinitely by China after the Soviet invasion of Afghanistan. This caps recent reciprocal visits by the Soviet Union's top sinologist to Peking and China's top sovietologist to Moscow.

It would, however, be a mistake to expect, or fear, that any big breakthrough of the kind that would change the present world balance of power. Peking has said quite clearly that it wants to see deeds, not just fine words, from Moscow.

It has a long list of grievances with the Soviet Union: the maintenance of half a million Soviet troops near its border, the Soviet refusal to concede disputed border areas to China, the Soviet occupation of Afghanistan, the Soviet grip on Mongolia, and the Soviet presence in Vietnam. None of these are issues on which the Kremlin is about to concede lightly.

The traditional realpolitik struggle between the two countries for influence in Asia remains as great or greater than ever. What has diminished, particularly since Chairman Mao's death, is the ideological invective between them.

Problems

There are several advantages for Mr Brezhnev in publicly pressing his overtures towards China. He is beset with problems in his European front yard, not only with the immediate crisis in Poland but also the prospect of a more hostile Christian Democrat government coming into power in West Germany; Afghanistan continues to tie up nearly 100,000 Soviet troops; and, at home, general growth in the Soviet economy has fallen behind the rate of military spending, thus increasing the real burden.

It is easy to see why he might want to reach some accommodation with his eastern neighbour that would allow him to pull back some of the 46 divisions from the Chinese border. The ageing Soviet leader may also want to crown a career, which many believe is drawing inevitably to a close, with the kudos of a new peace initiative, now that prospects for an early arms control agreement with the U.S. look slim.

The Chinese leadership has its reasons for not wanting to slam the door shut on Moscow. Mr Brezhnev may be right to believe there is now enough daylight between China and the U.S. through which to drive a wedge. The dispute over U.S. arms sales to Taiwan has soured Peking's relations with Washington recently. Mr Deng Xiaoping, the senior Chinese leader, may, still favour ties with the West, but he is by no means unchallenged in this view.

At this stage the Sino-Soviet overtures should give the West little ground for trepidation. Eased tensions along the Sino-Soviet border would remove a dangerous source of world instability. In addition, the conditions which China would probably set as the price for rapprochement are unlikely to cause the West disquiet.

ENTER THE 'S' CAR

GM's Europe-wide challenge

By Kenneth Gooding, Motor Industry Correspondent

GENERAL MOTORS' "S" car, unveiled across Europe today, looks—superficially—like many other small cars. But its launch represents the culmination of an expansion programme which has changed the face of the European motor industry. Not since Ford introduced the Fiesta in 1976 has there been such a fundamental shift in the balance of power within the European industry.

For, like Ford in the mid-1970s, GM is entering a sector of the market in which it has not been represented before. And it is doing so with brand new capacity placed in a country—Spain—where it previously had no manufacturing facilities.

However, the project goes further than Ford's because GM has used the opportunity provided by the boost in its car assembly capacity rapidly to increase its component manufacturing operations in Europe.

In this context GM likes to remind anyone who will listen that it is not only the world's largest vehicle producer but also the leading component maker.

GM's expansion plans treat Europe as a single entity rather than a collection of individual countries. That may have its dangers as last week's threat by Britain's Transport and General Workers union of a ban on imports of the "S" car to Britain clearly shows.

It would indeed be ironic if GM and Ford—two U.S. multinationals who took the concept of the European Community at more or less face value and have organised to take advantage of it—should fall foul of the growing protectionism within the national motor industries.

Since GM embarked on its European programme in 1978 it has spent $2.4bn (£1.4bn), much more than the cost for a new car alone.

Was the money well spent?

Certainly the "S" car, to be sold on the Continent as the Corsa, will have a dramatic effect on GM's position in Europe's highly-competitive car markets.

It provides:—

● Entry to a sector which accounts for about 25 per cent of total European new car sales — or 2.5m vehicles — but which is much more important in some key markets. For example, cars of Corsa's size take more than 50 per cent of the market in Portugal, 43 per cent in Spain and around 34 per cent in both Italy and France.

"If you don't have a car of that size, you are not playing in a large piece of the playground," says Mr James Waters, GM vice-president for all operations outside North America. Within two years GM aims to have an 8 per cent "piece of the playground."

● An immediate jump into a top position among manufacturers in Spain, one of the few markets with potential for good growth left in Europe. GM's new plant has the capacity to produce about 270,000 cars a year. In 1981, admittedly a depressed time, Renault led Spanish output with 269,000, followed by Ford, 248,000 and the locally owned Seat, 205,000.

● A 25 per cent increase in GM's European car-making capacity, taking it roughly to the same level as Ford's around 1.1m-1.2m.

● A chance to increase European market share from the current 10 per cent by about 2.5 percentage points. By comparison the European leaders half-way through 1982 were Renault with 14.5 per cent, the Peugeot-Citroen-Talbot group, 14.2 per cent, Fiat, 12.9 per cent, Volkswagen-Audi, 12.3 per cent and Ford, 11.9 per cent.

The implications are obvious: the "S" car will, if it is anything like reasonably successful, have more impact on Renault and Fiat than the other makers. These two companies rely heavily on small cars to give them their market share.

GM intends to make its main attack with the Corsa in Italy and France as well as the car's "domestic" market, Spain. And the Corsa should appeal to a wider audience than the Renault R5 or the Fiat 127 because it is offered in a booted version as well as a hatchback.

The thrust into a new market sector is not being operated by remote control from Detroit but via GM's main European company, Opel of West Germany, which it has owned since 1929, but only decided in the mid-1970s should be responsible for all European car developments.

Opel holds second place to Volkswagen in West German car sales with a 19 per cent share and claims to outsell GM's main rival Ford in every Continental car market except the UK and Spain.

Although the Spanish plant is owned by GM-Espana, a new company, Opel owns 37 per cent, designed the new assembly plant and trained its key employees. All design, engineering and styling of the Corsa was carried out by Opel engineers who made sure that many of its components were based on those used in the Opel Kadette (Vauxhall Astra) and Ascona (Vauxhall Cavalier).

GM's expansion of car-making capacity is causing some heart-searching at Ford of Europe, Renault and Fiat. Some of GM's suppliers are also very nervous about the U.S. group's intention to "go vertical" in Europe and build up its component operations.

As Mr Waters says: "There is a lot of profit to be made from components, particularly if you sell to other manufacturers."

GM has put new component capacity into Cadiz (steering columns, steering gears, front-wheel-drive axles) as well as at Logrono (seat trim covers, headliners, instrument panels, consoles, and bumper fascias) in Spain.

Other components are made in Northern Ireland (seat belts, exterior mouldings), England (steering columns, exhaust valves), France (batteries and heaters), and Portugal (rubber and plastic vehicle components).

There is also major investment in Austria where new engine and transmission plants are side by side. They will supply not only the Corsa but other Opel vehicles.

Mr John Rhame, Opel's director of administration and finance, points out that the expansion "will give GM's component companies in the States a chance to dip a toe in the European waters. The increase in assembly capacity has allowed us to expand our component business quickly without doing too much damage to our European suppliers — at least the change should be less painful."

Opel has not been given responsibility for the new component plants. These are being operated from the U.S. by various GM subsidiaries. GM keeps its component operations separated from the car and truck companies because it wants to build up sales to its rival vehicle manufacturers.

The theory is that rivals are more willing to do business with a separate component company within GM than with a subsidiary of one of GM's car or truck businesses.

GM is very aware that its expansion programme could not have come to fruition at a worse time. The recession has cut sales in most European markets, leaving the industry with the capacity to make 1m more cars than it can currently sell.

So Mr Waters hastens to point out: "Our expansion can in no way be considered an 'invasion.' On the contrary, it indicates our intentions to compete in European markets as European producers."

He also insists there is no *overcapacity* in Europe—just *under-used* capacity. ". And perhaps some of it is in the wrong place."

GM, like Ford, believes that car demand in Europe will recover slightly next year to 10m, move to 11.5m in 1985 and rise to 13m by 1990. In the light of those forecasts its expansion programme would simply enable it to keep pace.

Even so, GM has run into flak from unions in both Germany and the UK. In Germany the unions say, it looks suspiciously as if GM is moving capacity from a high-cost country to a low-cost one. In the past couple of years the number of GM jobs at Opel in Germany has been cut by around 9 per cent, from 66,000 to 60,000 and this has aggravated union-management relationships.

Mr Waters points out that there has been heavy investment to modernise the Opel plants in Germany during the past five years — DM 6bn (£1.4bn) in all — and another DM 1.25bn (£295m) five-year project was carefully timed to be announced in July this year.

The unions in Britain have a formidable ally in BL's chairman, Sir Michael Edwardes—at least for part of their case. Their complaints are directed not so much at GM as at the Spanish Government. Cars made in Spain attract only a 4.4 per cent duty when they arrive in the UK but British cars are charged nine times that—36.7 per cent — to get into Spain. This prices the Metro out of the market. Sir Michael believes that, given an even chance, BL could sell 15,000 to 20,000 Metros a year in Spain.

Job cut-backs at Vauxhall in Britain have been more severe than at Opel and the workforce has been reduced by nearly 40 per cent, from 33,000 to 20,500 in the past two years. Another 1,500 jobs have gone from GM's component and diesel engine companies.

The unions would like to see some "S" car assembly in Britain to help preserve the remaining jobs and have threatened to stop the cars leaving the docks — a threat which might also envelop Ford's Spanish-made Fiestas.

This is one problem which should solve itself if Spain joins the EEC and has to trade freely with other Community car makers. Mr Waters says that when the country was selected for the "S" car project—back in 1978—GM assumed Spain would join the Common Market in the 1980s and looked at 1983 as the probable date. "EEC membership was an important consideration."

Perhaps GM's greatest defence against protectionism is the sheer spread and size of its European operations. Any barrier put in its way by one country would have an impact on several others.

The group employs directly 120,000 in 39 plants in 17 countries in Europe. The new operations in Spain are creating about 11,000 jobs there and the engine and transmissions plant about 2,800 in Austria when the facilities are fully on stream.

There has been a considerable flow of capital from Detroit to Europe to make the expansion programme possible—some unofficial estimates suggest GM has exported about $2bn (£1.2bn).

This was during a period of severe financial pain for the group. In 1980 GM suffered a net loss of $762.5m following a net profit of $2.9bn the previous year. Last year its net profit was a tiny $333m on sales of $62.7bn.

But 1982 looks like the beginning of a new beginning for GM. The "J" car (Ascona-Cavalier) has proved a huge success and has shot into the lead in the intermediate car class in Europe with a 14.7 per cent market share, overtaking the Volkswagen Passat-Audi 80 which now has 12.5 per cent and the Ford Cortina-Taunus, 10.9 per cent.

With the "S" car building up to an output of 200,000 next year, Opel should get back into the black and even Vauxhall expects to see its first net profit since 1978.

Mr Waters sums up: "1983 will be the turnaround year for GM in Europe. The 'J' car will have a full year, as will our new 'Family Two' petrol and diesel engines. The 'S' car will keep up the momentum."

Mervyn Barnes.

The map shows the major locations where GM has expanded to coincide with the introduction of the "S" car: Spain, four new plants, one of them for assembly at Zaragoza; Austria, two new plants, for engines and transmissions; UK, expansion at Belfast and Hendon; France, new plants for batteries and radiators; Portugal, new plants for rubber and plastic components

EUROPE'S SMALL CAR MARKET

	1979	1980	1981	1982
Total market	10,648,944	10,112,264	9,843,977	9,915,830†
Small car sector	2,396,892	2,413,275	2,448,041	2,474,276†
	22.5%	23.9%	24.9%	25.0%
Market share:				
Polo	126,581	114,392	107,977	49,879*
	5.3%	4.7%	4.5%	5.5%
Fiesta	360,506	366,164	355,563	133,160*
	15.1%	15.2%	14.7%	14.8%
Renault 5	422,268	550,583	512,069	167,539*
	17.7%	20.9%	21.2%	18.6%
Mini/Metro‡	121,807	110,131	183,980	64,855*
	5.1%	4.6%	7.6%	7.2%
Fiats 127	375,591	329,591	312,706	128,721*
	15.8%	13.7%	13.0%	14.3%

† Forecasts. * Four month's figures. ‡ Metro introduced end-1980.
Source: General Motors

Men & Matters

Never a cross word

The Financial Times crossword has shown it can move men and matters mightily.

Cross words over it have left British Shipbuilders' Scott Lithgow yards on the Lower Clyde at the cross roads as far as their future is concerned.

Some 300 platers at the yards went on indefinite strike yesterday and the FT crossword plays a central role.

Two shop stewards, Patrick Clark and John Gillishan, had turned to the crossword in an attempt to while away an idle hour during a break in a company training programme.

Tha two stewards say that a foreman told them to put away the crossword in a "dictatorial fashion."

Annoyed at being thus disturbed in the midst of their musings the two are said to have responded rudely and a spirited discussion then took place. It resulted in Clark being sacked and Gillishan suspended by the management which later refused to reinstate them. Then their fellow platers walked out.

Cameron Parker, chief executive of Scott Lithgow, says the strike could affect the delivery of the BP tanker British Spirit. And it could make the yard liable for penalty clauses.

Clark explains his good taste in newspapers thus, "I usually get the Financial Times and Lloyds List every morning as they keep me abreast of what is happening in the ship-building industry.

"Usually I manage to finish the FT crossword in the tea break. But that morning we were both stumped by some of the clues."

No! Minister

In true mandarin style, Sir Peter Carey, Industry Department permanent secretary, is keeping his secretary of state, Patrick Jenkin, on a tight rein.

Jenkin is in Nairobi to address an International Telecommunications Union conference and was keen to throw an official UK government reception for delegates. But he had to give up the idea, even though it would have enabled him to do some flag-waving on behalf of Britain's System X telephone system.

He was told by Carey (who is constantly under ministerial pressure to save costs and cut staff) that such an expense would not be wise.

State tours

The number of U.S. businessmen making the European Grand Tour grows apace as corporate executives seek out Continental fund managers, Eurobond markets and export prospects. Their itineraries suggest that larger scale maps might be a help. There is a tendency among some of the visitors to see England and Luxembourg as the equivalent of opposite ends of a state like Texas.

The latest to arrive, Geoffrey Scharffenberger, chairman and chief executive officer of City Investing, the New York insurance, housing and manufacturing company, is to visit London, Glasgow, Antwerp, Brussels, Frankfurt, Geneva and Zurich, in tha course of a ten-day visit.

European bankers will be eyeing City Investing as a prospective borrower as well as an investment vehicle. Scharffenberger believes that around 10 per cent of his company's stock is held in Europe, although like many U.S. company chairmen he is foxed by the Continental preference for nominee names.

As a possible borrower, in Europa, the company could be more interesting, since its insurance and housing interests make it a strong contender in money markets in the U.S. It expects to turn over $275m in Europe this year, from activities ranging from photo-processing in Belgium and the Netherlands to its sizeable transport container operations.

Its borrowings on European markets are at present only $80m, a drop in the bucket of consolidated long-term debt of $872.5m.

So Scharffenberger will be casting a keen eye on European money sources during his trip. But bankers in Glasgow and elsewhere will have to compete with the 12¼ per cent rate City Investing pays in New York for inter-bank funds.

Long wait

The appointment to tha board of Rolls-Royce of William Duncan, aged 60, as the prospective successor to the chairmanship when Lord McFadzean retires, represents the final curtain in the drama surrounding the choice of Harvey-Jones as ICI'a new chief a year ago.

Duncan, a Glasgow engineer, was the "conservative" candidate for the chairmanship but lost out to Harvey-Jones—the second time he had failed to secure the top job in his 41 years at ICI.

Ha is one of the two deputy chairmen at ICI and will, in accordance with custom, also quit as a director when he joins Rolls-Royce.

Duncan admits to having once before thought of leaving ICI. That was long ago, ha says, when he was running a small engineering subsidiary and he felt bored.

He sees his new job at Rolls-Royce as "providing the right kind of leadership."

Party day

Last Sunday was going to be Geydar Aleyev's big day. The ambitious Communist Party boss of the Azerbaijan republic of Russia was about to be presented with the coveted red and gold standard of the Lenin Prize in recognition of the Republic's economic achievements, not least the offshore drilling techniques it has pioneered in the Caspian Sea.

Aleyev played host to Soviet President Leonid Brezhnev who had flown from Moscow

But in the huge Baku congress hall in front of nationwide TV cameras Aleyev's moment of glory turned to ashes.

Brezhnev, looking puffy and tired, had no sooner read the first paragraph of his speech than Aleyev's face turned grey and be stared lika a man who realises be has just been struck by a truck.

Brezhnev had started reading another speech which did not mention the Lenin Prize but was listing a litany of economic statistics.

Three minutes later an aide tugged at Brezhnev's sleeve, whispered in his ear, and proferred the right speech.

With tha practised air of an old trouper Brezhnev said, "As you see it is not my fault. I am going to start all over again." The hall filled with nervous laughter. Nobody looked more nervous than Aleyev.

Brezhnev's microphone was still on as he presented the standard. The Azerbaijan boss said repeatedly "Thank you dear Leonid Ilyich, thank you, thank you." Brezhnev cut him short: "How do I get out of this place?"

Polite picket

A lesson in the etiquette of industrial action is given by the workers of Hong Kong's Nan Fung textile firm.

Staging a mass demonstration to lobby for higher severance pay, they eschewed the coarse slogans which characterise British events of this kind.

A 30-foot long banner was unfurled bearing the message, "Wa request the Nan Fung management to have sincerity in their negotiations."

Observer

BRITISH RAIL'S FUTURE

The doubters in the ascendant

By Hazel Duffy, Transport Correspondent

Ashley Ashwood

Unused rolling stock for the newly electrified Bedford/St Pancras line which has been idle for months because the NUR has refused to agree to one-man operation. BR hopes a compromise proposal from McCarthy on the line and the removal of guards from some modern freight trains will be agreed following the reconvened NUR conference next month

"THE RAILWAY industry is fighting for its life. The number of our doubters, if not our enemies, grows every day." So said the British Railways Board in its submission to the McCarthy tribunal on pay, pulling no punches about its current dire trading situation, and its uncertainties about the future of BR.

The rapid deterioration in BR's finances this year means that it will have to go cap-in-hand to the Government. Discussions with the Department of Transport and the Treasury are under way on a new 1982/83 External Finance Limit, but the fear must be that BR will have to pay for this by a reduction in next year's EFL just as it did this year as a result of the winter Aslef strike.

Sir Peter Parker, BR chairman, has long argued that everything he has done in the railways has been pre-ordained by the Government. While agreeing that BR needs to come up with a better performance on the basis of the resources it already has, he has argued that the inflexibility of the EFL ("deliberately inflexible," the Treasury would say), is a constraint not only on the start of major new projects, but also investment on more mundane things like new carriage washing machines on the London and South East commuter services.

In March 1981 the board published "Rail Policy," a highly optimistic charter of the policy that it hoped to be able to pursue through the 1980s. By the end of the decade, BR had hoped that electrification would have reached Blackpool, Derby, Doncaster, Leeds, Nottingham, Oxford and Sheffield, and construction work would be well advanced on routes to Bristol, South Wales and Edinburgh. Advanced Passenger Trains would be operating to Scotland and many major cities in England; there would be new electric rolling stock on commuter services, refurbishment of stations, express dedicated rail services operating to Gatwick, and many other improvements. And by 1990, it was hoped that the opening of the Channel Tunnel would be imminent.

These targets were to be complemented by a workforce cooperating in revised manning and rostering, and the introduction of new technology. The Government's role was summarised: "We need only the necessary authorities and the necessary finance."

Eighteen months is a long time in the history of the railways. The Government never replied to the document.

The go-ahead on electrification, which last year BR thought was imminent, did not materialise. Then came the strikes and the firm linking by the Government of investment approval with the need to see progress on productivity.

The crowded events of the past 12 months have swelled the ranks of the doubters. BR management was well aware that it could expect little personal support from the Prime Minister—ever since she went to lunch with the Board and pointedly told them that if they were any good they would not be where they were. Not all the Tory Government is anti-rail—in fact, many of their commuter and rural constituencies depend heavily on their rail service—but questions are certainly being asked as to whether the railways can justify Government support of around £850m a year when education and health spending have been cut back dramatically.

There is also a new mood of realism among BR managers themselves. BR's internal forecasts have been proved time and again to be too optimistic, hence Mrs Thatcher's decision to refer the electrification studies produced jointly by BR and the Department of Transport to the Think Tank, and to her adviser, Prof Alan Walters.

But now, prompted by the reviews of Price Waterhouse (at the request of BR), and Peat Marwick Mitchell (at the request of Mr David Howell, Transport Secretary) into the costings and financial workings of BR, the internal 1981 five-year plan has been revised to produce new forecasts. These have been agreed by sector management and functional managers at head office as the minimum which they can deliver.

The main points to emerge from the plans on a sector basis:

Passenger traffic was on the increase until 1981 when, largely as a result of the recession, traffic dropped to 19,100m miles from 19,900m in 1979. BR forecasts that, after stabilising in 1983, it will begin to increase by 1985/6 to the 1981 level.

Most of the growth will come from Inter-City, where there will be an intense marketing effort to regain the business travellers lost during the recession — perhaps introducing "premium trains," which BR has always rejected to date, with the aim of establishing the quality image again in rail travel. The promotion of cheap fares to counteract the growing competition from coach travel is expected to continue in an effort to increase leisure travel. When this market gets on a more secure footing, BR will obviously attempt to get people to pay more.

London and the South-East sector does not present the same passenger growth opportunities, but revenue from the sector will hold up better from fare increases than Inter-City. Service cuts of about 15 per cent over four years are in prospect in an effort to improve financial performance. Services on the Provincial sector will similarly be cut back over the period, although by slightly less.

The Freight sector's return to profit will depend substantially on its success in cutting costs. The plan to withdraw from the loss-making wagonload business by 1984, which will cut costs by about £40m, is already being implemented and there will be further rationalisation of marshalling yards and terminals. There is little prospect for substantial growth in rail freight, however, with intense competition from road haulage.

In the Parcels sector, where BR has already withdrawn from the loss-making collection and delivery service, the emphasis will be on securing premium business. In common with most of BR's business, success will depend substantially on price and a guaranteed service uninterrupted by industrial disputes.

Investment is an area where there is a sizeable gap between what BR and Government officials believe is necessary. The latter have been concerned that BR would be better taking a much more commercial view of what is needed rather than what BR engineers think is desirable.

The unions, however, continue to express the view that the Government has starved BR of necessary investment money. Sir Peter is anxious to demonstrate that the money will be forthcoming if the unions deliver on productivity, but there is a growing resignation within BR that large-scale electrification—with the possible exception of the North-east coast main line—the Channel Tunnel and other prestige projects will not get under way this decade.

Sir Peter's hope is that, before he leaves BR next September, the Government will at least have taken decisions on the long-term future of the railways. The basis for those decisions would be the report of the Government-appointed committee chaired by Sir David Serpell, ex-senior civil servant, and until taking on the review, a member of the BR Board. The committee is expected to report before the end of the year, producing a range of options, but not recommendations on which the Government will act if it so desires.

The relatively mild disruptions caused by the strikes this year may have served only to prove to the doubters that the railways are not as essential as most people had assumed. The railways in Britain have not occupied the same essential role, particularly for freight, as in some other European countries for a long time. BR has, therefore, to prove that it can offer the "value for money" which Mrs Thatcher is so anxious to secure from the nationalised industries.

Even if the unions deliver on productivity without further disruption, BR's own forecasts suggest that it will have difficulty in meeting this challenge within the short term. The question will remain whether Mrs Thatcher will be prepared to give BR a longer term chance.

THE HOLE IN BR's BUDGET

THE STRIKES this year have wreaked havoc with BR's budget targets, although the latest assessments are some improvement on those made immediately after the July strike. The group trading loss is expected to come out at between £210m-£220m. The overshoot on the Public Service Obligation — ie the Government's financial support for the "*social railway*" which was put at £860m for 1982—is expected to be nearly £200m short of the requirement. This will have to be made up by borrowings, although BR is discussing with the Government the possibility that some or all of the PSO suspended during the strike will be reinstated.

The overshoot on the External Finance Limit for the financial year 1982-83 has been revised down to around £60m, partly as a result of *changes in investment* and Government pressure for BR to speed up the sales of property and other assets, notably the hotels.

Lombard

Keynesianism in a new guise

By David Marsh in Paris

IN THE WAKE of President Reagan's ignominious about-face on U.S. fiscal policy (suddenly, tax increases are good for you), the flaming star of supply-side economics has begun to shine a good deal less brightly.

It is all the more startling, therefore, to record that President Mitterrand's government in France, far from being the red-meat Keynesian demand-managers of popular mythology, has taken a distinct supply-side turn in its economic policies.

We are all, it seems, supply-siders now. But the message from Paris is that steps to boost the supply-side of the economy—incentives for business to invest, measures to alleviate taxes on employment, financial aid for new technology, and so on—are in no way incompatible with Socialist policies.

Both traditional Keynesianism and the Laffer-style tax cuts tried in the U.S. result, after all, in governments running budget deficits.

The difference in France, as one top Elysée Palace official beguilingly explains, is that: "We put our Keynesian money not into demand, but into the supply side."

France believes, he says, that the twin problem of insufficient economic growth and outdated industrial production methods have to be tackled by inciting business to invest rather than encouraging consumers to spend.

The need for a tool to ensure that the supply-side stimulus is wisely spent explains, he says, why the Government had to nationalise key industries. "In the U.S., if you put money into the supply side, it goes automatically into industry. Not in France—it would go into gold or the property market."

All this is, of course, somewhat different from the tone of policy pronouncements just after the Socialists were elected 16 months ago.

Mitterrandomics, 1981 vintage, aimed at pumping money into consumers' pockets to improve social equality and give the economy reflationary push.

The policy was given the thumbs down not only by the foreign exchange markets and the French business community. The wiser heads in the Government knew all along that Keynesianism alone would not be enough.

As one of the most important signs of the change, the Government has adopted the creed, which could almost have come out of a Conservative party manifesto, that the emphasis in aid for industry should be moved away from grants and subsidies towards tax incentives.

Last year the government distributed no less than FFr 50bn to companies—three-quarters of which was designed simply to prevent factory closures — through a mind-boggling variety of 150 different channels. Both M Jacques Delors, the Finance Minister, and M Jean-Pierre Chevenement, the Research and Industry Minister are now trying a different approach.

Companies boosting research spending above the inflation rate will be allowed tax breaks next year. The government is cutting social security payroll charges in some sectors like textiles for companies which install new technology. And M Delors as one of a series of moves announced last week to try to boost competition throughout the economy, is trying to encourage companies to sign agreements with employees linking pay rises to improvements in productivity or energy saving measures.

On the financial side, the government is also laying stress on correcting structural faults. Measures announced last month by M Delors to improve the flow of French savings to industry and to curb the traditional attractiveness of short-term rather than long-term investments fit in eminently well with the new supply side orientation.

The task now, of course, is to turn good intentions into results—and to impress the financial markets that the shift to the supply-side is durable.

Letters to the Editor

Milk surpluses: need for common responsibility

From the Commissioner Responsible for Agriculture, Commission of the European Communities

Sir,—In his article on the common agricultural policy (September 10), John Cherrington criticises the system under which EEC dairy farmers—including British farmers—pay a levy on the milk which they produce, and suggests that the penalty should be paid only by producers in those countries which export more dairy products than they import: in other words, that surpluses should be defined on a national basis.

He does not seem to have grasped that in a common market, with a common system of price support, there is a common responsibility for surpluses. Milk production in the EEC in its totality is increasing more rapidly than consumption, and whether the extra gallon is produced in the UK, the Netherlands, or Italy, it still has to be disposed of by the Community.

That is why, to tackle the problem of milk surpluses, there needs to be collective action and common responsibility.

Poul Dalsager.
1049 Brussels,
Rue de la Loi,
Belgium.

A negation of one nation

From Mr R. Bonwit

Sir,—Leon Brittan's stand (September 23) on the future of public services bodes ill for the future of this country. It negates the Disraelian concept of one nation. If accepted in full the "Think Tank" programme would divide facilities in health, transport, education and other vital services into two classes: adequate facilities for those earning or possessing enough to pay for the privatised services and a very poor second-best for the rest. The "upper class" service would be heavily subsidised by fiscal concessions and an increasingly regressive taxation system.

Hitherto the state funded or subsidised services survived the impact of inflation because they enjoyed the patronage of large sectors of the middle class. This gave them prestige and ensured a watch being kept on efficiency. Mrs Shirley Williams did grave disservice to this cause by her insistence on abolising the state-endowed grammar schools. We may now experience a wholesale dilapidation of public services and facilities on the alleged grounds that this will save the community avoidable heavy expenditure. In fact scarce resources—notably in qualified manpower—will be depleted in the public sector and transfered to an enlarged private sector where more staff will serve fewer customers.

Qualification for participation in the "better" services will not be need or talent but the amount of money available for the heavy fees and insurance subscriptions levied to pay for the new services—and also for the profits they will be expected to earn—since the private sector of the economy, especially under a Conservative regime, is strictly profit-oriented.

Although several Conservative Cabinet members are obviously not products of Eton or Harrow, the outlook of those supporting the "Think Tank" plan reflects the views of the relatively small section of the population in the high or very high income groups. They live in a pre-Disraelian world where the privileged few enjoyed a standard of life denied to the "undeserving poor."

It needed two major wars to free the British from the heritage of Victorian feudalism, even though the recovery was by no means complete as recent correspondence about "north and south" and the behaviour of football-fans at home and abroad indicate.

The ultimate fallacy underlying Mr Brittan's statement is the illusion that the transfer of funds from the public to the private sector would save the country funds needed for other purposes. Very probably the overall cost of the re-vamped services would remain unaltered but the number of those profiting from them would be sharply reduced.

Ralf Bonwit.
Sorby,
Kiln Lane,
Binfield Heath,
Henley-on-Thames.

Glass houses and stones

From Mr J. Lewis

Sir,—Mr Gwinnell (September 16) informs us that his neighbours and fellow rate payers from Bromley live 10 miles away from the nearest tube station and object to cheap and rate subsidised tube fares within the Greater London Council area.

I live 200 miles from south-east London yet through my tax payments to the national exchequer help subsidise loss-making commuter services of British Rail, Southern Region, which carry large numbers of Bromley rate payers into central London daily. Why don't these users pay the full cost of the service? Or is this a case of Bromley rate payers (and its Council) wanting it both ways? I would suggest Mr Gwinnell studies the adage about people living in glass houses not throwing stones.

John O. Lewis.
178 Grove Park, Knutsford,
Cheshire.

Information for shareholders

From Mr M. Hoyle

Sir,—*As a former small shareholder of Spillers*, I read with interest Arnold Kransdorff's retrospective article (September 20) on the Dalgety takeover.

At the time of such actions the small shareholders are bombarded with paper but what information do they receive from their company in the previous 12 months? Certainly an annual report, which can from one extreme offer a case of cheap wine at a cheap price to the other extreme where the smiling portrait of the chairman is surrounded by beautiful prose that explains that he is obliged to cut the dividend due to market forces which, despite his salary and the expensive backing he has, he has been unable to foresee: The shareholder might also receive a thin sliver of an interim report and possibly statutory information in microscopic print relating to such items as a staff share option scheme.

What the small shareholder has come to rely on is the financial press not just for opinion but for facts and while the Press release must be considered a very satisfactory and inexpensive method of disseminating information, it has surely become an abdication of responsibility by companies in their communication with their small shareholders.

M. J. Hoyle.
28 Burlington Road,
Chiswick, W4.

A few flowers of hope

From Mr A. Graham

Sir,—I refer to Christopher Lorenz's article of September 15 on the "Roots of the British malaise" in industry. Although I agree with certain points, for instance the unhealthy elitism of a society organised around the public school ethic, and the importance of the use of computers, I read with *dismay* the implication that it is reprehensible to seek alternatives in one's life to the opportunities afforded by industry. I would wish to reverse this adverse moral judgment of Britain and suggest that the roots of the British "malaise" have given rise to a few flowers of hope.

In an industrialised society the youth of the country is generally channelled into serving a part of the industrial machine. Yet at my British University most of my fellow-students wish to avoid such a channelling. How far we will succeed remains to be seen, but what I am celebrating, and what Mr Lorenz is implicitly condemning, is the spirit which attempts to find alternatives to the mere pursuit of wealth.

There are things more important to us than making money, especially in a society whose problems lie not in the lack of material wealth but in the lack of social, cultural and spiritual richness. I believe that we should encourage the sort of social commitment it takes to be a dedicated teacher, or doctor, or social worker, instead of regretting the loss of this dedication from industry.

This is particularly true at a time when technology has almost reached the stage of being capable of creating most of our wealth, and when human beings could be freed to live a more rewarding and enriching life. Of course we need our scientists and technicians to work towards, and then maintain, this goal.

But to seek to turn us into a nation of automatons pulling levers and turning screws, and of managers perpetuating the system by keeping these automatons in place, is to seek to cause the same spiritual suffering and moral outrage of the early 19th Century, when the freedom of the farmer was sacrificed in the chains of the machine.

Let us now turn away from this enslavement and regain our humanity, all but lost at the expense of industrial progress and wealth creation.

A. J. R. Graham.
Cornwall House,
St German's Road, Exeter.

Foseco Minsep down 18%

A DOWNTURN in activity in most major markets of Foseco Minsep has resulted in a decline of 18 per cent in pre-tax profits from £11.39m to £9.32m for the six months to June 30, 1982. Turnover of this international group which makes specialised chemical products, amounted to £192.29m, against £181.69m.

Trading conditions in the early part of this year showed little or no signs of improvement over the depressed environment that developed in the latter half of 1981. Since May, however, there has been a further decline.

All group sectors have suffered from the adverse economic environment. The group has been particularly affected in North America where activity in industries such as automobile, aerospace, engineering and construction, has been at a very low ebb.

These difficult conditions have continued into the third quarter and even with further rationalisation measures under way, the directors say it seems unlikely that any major improvement can be expected until 1983.

Mid-year earnings per 25p share fell from 9p to 5.6p. The net interim dividend is maintained at 2.65p per 25p share—last year a total of 7p was paid from record pre-tax profits of £23.4m.

First-half trading profits were down from £15.21m to £12.01m, struck before net interest payable of £2.68m, as against £3.63m. Profits attributable to ordinary holders dropped from £6.07m to £4.57m, after tax of £4.24m (£4.63m), and minorities and preference dividends.

In current cost terms, pre-tax profits were £5.2m (£7.5m).

See Lex

Macallan Glenlivet warning

A rise of £72,000 to £246,000 in pre-tax profits is reported by Macallan-Glenlivet, distiller of malt whisky, for the first half of 1982. Turnover rose from £1.79m to £1.87m. The interim dividend is unchanged at 2.25p —the total for the previous 17 months was 9.2p net and this included a second interim of 2.25p.

Trading profit was £868,000 (£633,000), and interest charges were lower at £252,000 (£270,000). Depreciation accounted for £84,000 compared with £89,000.

The directors say that while industry sales at home and abroad maintain previous levels, it must be thought to be only a matter of time before demand for fillings returns, and perhaps, the first sign of this can be seen in firming prices for aged whiskies.

In the meantime, they say the downturn will materially affect the company's profits for the full year as production in the second half will be at a considerably reduced level.

Sales of Macallan, the company's high quality single malt whisky, continue to contribute significantly to profits, especially in the context of the very steep decline in demand for new fillings which, in common with other distillers, is beginning to be felt acutely.

This slump in demand throughout the industry, due to surplus stocks, is presently being rationalised through production cutbacks, they say.

Travis & Arnold 29% rise and growth is continuing

Travis & Arnold, builders' merchant, increased pre-tax profits by 29 per cent from £2.01m to £2.61m in the first half of 1982 and reports that July and August have also shown a modest improvement over the corresponding period.

In addition the directors say that the recent decline in interest rates could well help the group's main markets in the longer term.

They say that if consideration was given only to current results and present trading performance they would have increased the interim dividend from 0.64p to 0.7p. However, to reduce disparity with the final payment they have declared an interim of 1.4p net. Last year's final was 3.3p from profits of £5.37m.

Turnover for the six months under review rose from £43.5m to £47.05m and trading profits pushed ahead from £1.68m to £2.06m. Interest added £289,000 (£333,000) and there was investment income this time of £261,000.

Tax took £1.06m (£805,000) for net profits of £1.54m (£1.21m) and earnings per 25p share of 9p (7.1p). Preference dividends absorbed £14,000, ordinary payments £239,000 (£109,000) and £1.29m (£1.09m) was retained.

HIGHLIGHTS

On a quiet day for company news Lex discusses the Bank of England's reduction in the official money market's dealing rates and the prospect for sterling and the real economy. There were some violent fluctuations in the Far Eastern markets with a particularly severe fall in Hong Kong after an inconclusive end to Mrs Thatcher's visit to China. There was also some weakness in Tokyo, though this was nowhere so marked. Last week's disappointing string of half-year results from British companies was extended yesterday by a £2.1m drop to £9.3m pre-tax profits at Foseco Minsep, one of last year's raisers of new equity.

● comment

Last spring's burst of renewed demand in the construction industry petered out quickly, so Travis & Arnold's improvement at the interim stage is a shade disappointing. Still, trading margins were hauled up to 4.5 per cent in the period, from 3.8 points last year. This achievement is largely thanks to T & A's timber business, which accounts for about a fifth of T & A's sales. Notching up a 10-15 per cent improvement in volume during the six months, timber's contribution was all the more sweeter as the business carries a weightier margin than that of most other building materials. As for the rest of T & A's activities, another burst of demand is essential for any real recovery. Some £8m-£7m is still sloshing around the balance sheet, but this could be absorbed quickly if working capital starts to swell again. In the meantime, a full-year profit of around £6m looks possible. The shares, up 2p to 210p, thus have a prospective p/e of around 12 which is a deserved premium to the sector. The prospective yield, assuming a 10 per cent increase in the year, is 3 per cent.

Galliford lower in second half

SECOND-HALF pre-tax profits at Galliford, industrial holding company, were down from £1.93m to £1.62m, and figures for the full year to June 30 1982 were lower at £3.01m compared with £3.32m. Turnover of the group—it is engaged in building and development, civil engineering, heating and ventilation, engineering and plant hire—fell from £65.27m to £60.31m.

The final dividend is effectively raised from 1.9375p to 2p for a total of 2.7p (2.5p adjusted).

Trading profits were £4.34m against £4.76m and the pre-tax figure was struck after depreciation of £1.33m (£1.45m). Tax took £1.21m compared with £1.17m, leaving £1.8m (£2.14m).

Mr Peter Galliford, the chairman, says overall the group's contracting companies produced a sound result in a very competitive market. Private housing, after a poor first half, ended with a good result.

He says property development profits were down on last year because of the erratic nature of completion dates, and the fact that two estates of "starter" factories completed in the year have been retained as investments.

Chorley Engineering, the group's specialist oil industry service company, had a good year, and plant hire, after early losses, ended on a satisfactory note. Despite encouraging progress on some fronts, he says its precision engineering activities suffered another loss.

No contribution has been included for the half year since the purchase for £1.4m of the 50 per cent investment in a Singapore company, there being accounting period timing differences.

He adds that in the current year, property development, private housing and Chorley Engineering have expectations of sound results. Both building and civil engineering contracting continue to encounter very competitive conditions and they will do well to maintain last year's level of profits.

A & C Black jumps

SHARPLY HIGHER profits were returned by publisher A. & C. Black for the first half of 1982, the pre-tax figure emerging at £153,000, compared with £65,000 previously. Sales rose from £1.34m to £1.61m.

Stated earnings per 25p share improved by 11.9p to 18.5p and the net interim dividend is being stepped up by 1p to 1.5p—last year a final of 4.89p was paid from taxable profits of £122,000 (£68,000 loss).

The directors say a number of special factors contributed to the "excellent results."

They explain that there was a first time contribution from Ernest Benn and from the Pitman acquisition, a significant improvement in gross margins on the company's back list sales and a shift in institutional ordering patterns which led to higher than expected turnover in the spring.

However, it is pointed out that this last factor is likely to result in a reduction in anticipated turnover for the second half of the year, as already evidenced by figures for July to September which have been "below earlier budget."

George Wills increases by £50,000

A modest increase from £630,000 to £680,000 in pre-tax profits is reported by George Wills and Sons (Holdings) for the first half of 1982. Turnover of this importer and exporter rose from £38.1m to £41.2m.

The interim dividend is raised from 2p to 2.5p net—last year's total was 6p from pre-tax profits of £1.55m.

Mr Jack Reynolds, the chairman, says the level of business during the second half has so far been similar to that of the first six months and, should this continue, he anticipates a pre-tax profit for the year in the region of £1.4m.

First-half tax was higher at £290,000 against £270,000, leaving attributable profits up from £360,000 to £390,000. Stated earnings, per 25p share rose from 5.97p to 6.47p. On a CCA basis, pre-tax profits were £539,000 and earnings per share were 4.13p.

Following recent purchases, Aitken Hume and Associates are interested in 1,454,000 shares (24.135 per cent).

Wellman warns of midway losses

A statement from the Wellman Engineering Corporation warns that the strike in the U.S. coupled with the very depressed state of the capital goods market in that country makes it inevitable that the group will suffer "substantial losses" in the half-year to September 30 despite improved profits in the rest of the group.

As already announced the two-month-old strike has been settled but the statement points out that the full effects—both direct and indirect—will be difficult to quantify.

It adds that the new contract, which lasts for 30 months, will reduce wage costs and employee benefits substantially—there will be no wage increases until 1984 and then only if the company is in a healthy state of profitability. However, the effect of the reductions in costs, coupled with the cut taken by salaried workers prior to the strike, will enable the group to be more competitive and this should result in it obtaining a larger market share, particularly in the industrial beater division, the statement concludes.

Gresham Investment in talks

Gresham Investment Trust, the merchant banking group, has received an approach which could lead to an offer being made for the company's share capital.

The company announced yesterday that discussions had begun but they were at a preliminary stage and the board could give no indication whether they would in fact lead to an offer.

The shares rose 6p yesterday on the news to close at 110p, putting a market value of £17.7m on the company.

Gresham, which is not an authorised unit trust despite its name, provides a range of banking services. It is a licenced deposit taker, supplies investment management and corporate finance advice, and has substantial investments in unquoted companies.

Under joint chairman Mr Peter Wreford, Gresham has arranged a number of management buy-outs in recent years as part of its financing of small businesses.

In August the company reported a 13 per cent rise in pre-tax profits to £2.02m in the year ended on March 31. It then had net asset value of 90p per share and described its balance sheet position as strong.

Duncan Lawrie buys three unit trusts

Duncan Lawrie, the banking arm of Walter Duncan and Goodricke, has acquired three authorised unit trusts from C. P. Choularton, a licensed deposit taker based in Manchester.

The company is not prepared to disclose the amount paid. But the combined assets of the three trusts—Choularton High Income, Growth Fund and International Fund — are in aggregate less than £400,000—and the purchase price of a unit trust usually varies between ¾ per cent and 1 per cent.

Duncan Lawrie already operates two offshore funds based in Guernsey, and this acquisition will expand its unit trust operations into the authorised UK field. The company plans to merge the Growth and International funds to form a new UK invested capital growth fund, leaving the High Income Fund in its present form.

Disposals delay Renwick results

The directors of the Renwick Group, motor distributor, travel agent and fuel distributor, say a preliminary profit announcement will be made in the next 10 days. The annual report will be published mid-October.

They say the delay in publication has been caused by the "need to include in the accounts the final figures for a number of disposals which were agreed prior to the year end but whose completion has only recently taken place."

VICTORIA BABY FOODS

Victoria Baby Foods, the UK agent for Gallia Baby Food, has appointed a new distributor, Jackel International (UK), a subsidiary of the Arthur Guinness Group, to handle its sales and distribution operation.

Jackel will replace the current distributor, Sangers Agencies, from October 1 1982. The new appointment will enable Gallia to offer a wider coverage and more regular service to the chemist trade.

Success seen by Bilton as first half improves 33%

A 33.49 per cent advance in pre-tax profits is reported by Percy Bilton, the property investment, development and civil engineering group, for the six months to June 30, 1982 and the directors say they expect another successful outcome for the full year.

At the taxable level profits for the first half showed an expansion of £1.07m at £4.27m, on turnover which advanced from £12.28m to £12.77m during the period.

Trading and investment income finished £990,000 higher at £4.49m, while profits before tax were struck after a lower depreciation charge of £228,000 against £308,000.

Tax for the company, in which the National Coal Board Pension Funds had a declared interest of 12.3 per cent on June 1, took £1.94m compared with £1.13m. Earnings per 25p share are shown as to have increased from 5.5p to 6.2p and the net interim dividend is being lifted from 2.5p to 3.5p in order to reduce disparity with the final payment.

This last year amounted to 5p when profits totalled £7.2m and the directors stated that results for the first months of the current year had improved when compared to the corresponding period. They added that 1982 would be difficult and some time would elapse before a level of demand for new premises similar to that experienced several years ago would be seen.

However, they were ready and prepared to increase the pace of developments to meet demand when it arose and they also expected to see an improvement in rental income from new projects and rent reviews.

● comment

Increased profit from all activities contributed to the first half advance at Percy Bilton. Private housing continues to show improvement following the fillip earlier in the year. Civil engineering and construction has picked up from depressed levels in the context of sharply reduc[ed] local and central governme[nt] spending. But the group['s] strength remains its industri[al] property portfolio. In the fa[ce] of weak demand, especially [in] the Midlands, the company h[as] secured increases on a par with [a] year ago, and a greater inciden[ce] of long lease reversions th[at] normal have been an add[ed] bonus. A similar amount [of] space is up for review in t[he] second six months compared wi[th] the first half bringing the tot[al] to around 1.1m sq ft. The succe[ss] on review to date, in the face [of] very weak demand, holds promi[se] for 1983 when 1.5m sq ft [of] property is up for review. T[he] first professional valuation of t[he] portfolio since the end of 19[..] is under way but not expected [to] be included in the current yea[r's] accounts. The shares, yesterd[ay] up 6p at 190p, still stand at a su[b]stantial discount to estimat[ed] current cost net asset backin[g]. The yield is 5.7 per cent on [a] similar total.

Metalrax 15% up in six month[s]

AS FORECAST at the annual meeting in May, Metalrax Group, Birmingham-based engineer, improved its first half profits. There was a 15 per cent increase from £528,000 to £610,000 for the six months to June 30 1982, and Mr John Wardle, the chairman, says this is completely against the trend of the industry and the region. Group turnover moved ahead from £10.06m to £10.21m.

The interim dividend is effectively raised from 0.6818p to 0.7p net — last year's total was an adjusted 2.136p. Mr Wardle says there was a temptation to make a bigger increase in the dividend, but he says the final dividend is more significant and in the absence of unforeseen circumstances, he expects to give shareholders "a pleasant surprise" when recommending the final.

Mr Wardle does not pretend that life is easy at present and he repeats his statement at the same stage last year when he said he could see few signs of the national improvement in demand which had been forecast for quite a long time, but has never appeared.

"Accordingly," he adds, "the group will do very well indeed to match the figures for the second half of last year—and may not quite attain that ambition."

First half tax took £317,000 against £275,000. Dividends absorb £166,000 (£162,000), leaving retained profits £36,000 higher at £122,000. Stated earnings per 5p share improved from 1.05p to 1.21p.

● comment

The Metalrax Group has been weathering the recession better than most engineering firms. But the sharp rise in profitability that marked the last few months of 1981 is unlikely to be repeated in the second half of this year. Final profits for 1982 are not expected to be much up on last year's figure of £1.61m (pre-tax). Last year's second-half recove[ry] was partly the result [of] rationalisations and two sm[all] closures but the West Midlan[ds] based company has no scope f[or] similar cost-cutting this yea[r]. The interim dividend of 0.7p [the] company chairman is hinting at [a] bigger increase in the final. T[he] company's mid-term divider[nd] cantion reflects uncertainty as [to] the precise timing of the upsur[ge] in plant equipment and install[a]tion orders that traditional[ly] occur towards the end of the ye[ar] but which may be too late to he[lp] this year's profit figures. T[he] recession has forced potenti[al] customers to equivocate until t[he] last minute. The share pri[ce] yesterday remained steady [at] 45p, giving a prospective p/e [of] 13.5 (fully taxed), which is hi[gh] for the sector. On the [u]optimistic assumption of a fin[al] net dividend of 1.65p (compar[ed] with 1.6p last year), the yield [is] 7.8 per cent.

R & J Pullman falls

A downturn in second-half taxable profits from a restated £1.01m last time to £0.76m has left R. and J. Pullman with full year figures to April 30, 1982, lower at £1.51m, compared with £1.67m. Turnover for the 12 months improved from £21.76m to £23.89m.

At the trading level, profits showed an advance from £3.28m to £3.68m. The pre-tax result was struck after higher depreciation charges of £628,000 (£558,000) and interest of £1.65m (£1.16m) and included associate's contribution of £107,000 (£102,000).

There was a tax charge of £26,000, against a credit of £62,000 last time, and stated earnings per 5p share were down from 8.86p to 7.09p. The final dividend is 2.78p net for a similar total of 3.81p (3.809p) per share.

The directors announce that negotiations are taking place for the sale of one of the group's subsidiaries.

Pullman is engaged in the manufacture, distribution and retailing of garments and textiles.

Southampton IoW Steam ahead

For the first half of 1982, Southampton, Isle of Wight and South of England Royal Mail Steam Packet increased taxable profits from £344,714 to £447,822, on turnover of £3.62m, compared with £3.34m.

The directors repeat their forecast made in the 1981 report that profits for the full year are expected to be substantially better than last year and not far short of those earned in the preceding years.

For the last full year, pre-tax profits were down from a peak £1.59m to £1.05m.

Mid-year tax took £232,867 (£179,251) and stated earnings per 50p share were up from 4.795p to 6.254p. The net interim dividend is being raised from 2p to 2.5p—last year's total was 7.5p.

In current cost terms, pre-tax profits were £53,000.

The company operates a passenger, cargo and mail service between the Isle of Wight and Southampton, and is also engaged in the provision of other shipping and road haulage services, ship repair and general engineering.

John Edward Crowther

A rise from £406,787 to £475,747 in pre-tax profits is reported by John Edward Crowther (Holdings) for the year to March 31, 1982. This Huddersfield-based woollen manufacturer and spinner is a "close" company. A final dividend, up from 7p to 8p was paid in March.

Tax for the year was higher at £175,200 compared with £131,112. There was an exceptional credit of £379,500 last time, being stock relief.

Completion delay at Dundonian

There is likely to be a del[ay] of approximately five weeks [in] completing the Dundoni[an] scheme of arrangement as ou[t]lined in the document sent [to] shareholders on July 2.

The company says the stat[u]tory notice advertising the cou[rt] meetings omitted to insert t[he] place where documents we[re] available for inspection.

Although this is a pure[ly] technical error, the court do[es] not have discretion to waive t[he] requirement, and it is therefo[re] necessary to reconvene t[he] court meetings.

Dundonian's legal advisers [in] Edinburgh have accepted fu[ll] responsibility for the oversig[ht] and have undertaken [to] indemnify the company for a[ny] additional costs incurred.

Under the arrangements s[et] out in the document, the regist[er] was due to close on Septemb[er] 24 1982. The delay in comple[t]ing the scheme of arrangeme[nt] has resulted in the need to kee[p] the register open unt[il] November 5.

A letter and explanatory stat[e]ment will be sent to shar[e]holders this week.

LONDON MERCHANT SECURITIE[S] (property developer and investor, [o]il and gas explorer)—Results for th[e] year to March 31 1982 reported o[n] September 15. Shareholders' fund[s] £103.41m (£98.41m); fixed asset[s] £131.13m (£122.68m); net curren[t] asset £18.97m (£32.69m); decrease i[n] cash liquidity £9.97m (increas[e] £16.04m). Meeting: Connaught Room[s] WC, October 14, noon.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corre-sponding div.	Total for year	Total last year
Albany Inv. ....int.	0.7	—	0.6	—	2.05
Percy Bilton ....int.	3.5§	Dec 1	2.5	—	7.5
Black (A. and C.) ...int.	1.5	Oct 29	0.5	—	5.39
Finlay Packaging ...int.	0.5	Nov 11	0.5	—	2.25
Foseco Minsep ......int.	2.65	Jan 4	2.65	—	7
Galliford	2	—	1.94*	2.7	2.5*
Glossop ....int.	1.58	Nov 19	1.58	—	5.08
Link House	8.5	Nov 17	6.8	12.3	10
Macdonald Martin ...int.	3	Nov 12	3	—	12.5
Metalrax ....int.	0.7	Oct 29	0.68*	—	2.14*
Parker Knoll	5	Nov 6	5	7.5	7.5
Planet Group ....int.	0.7	Dec 1	0.64*	—	1.97*
Travis & Arnold ...int.	1.4§	Nov 12	0.64	—	3.94

Dividends shown pence per share net except where otherwise stated.

* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM Stock. § To reduce disparity with final.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetable.

TODAY

Interims: Arncliffe, Hoskins and Horton, Charles Hurst, I. and J. Hyman, IOC, London and Scottish Marine Oil, Watmoughs.

Finals: William Boulton, Compco, Emess Lighting.

FUTURE DATES

Interims—

Anchor Chemical	Sept 3
British Syphon Industries	Oct
Finlay (James)	Oct
House of Lerose	Oct
Johnston Group	Oct
Reed (Austin)	Oct
Rowan and Boden	Oct
TR City of London Trust	Sept 2
Tilbury	Sept 2

Finals—

Campari International	Sept 3
Canadian Overseas Packaging Industries	Oct
Raine Industries	Oct

THE TRING HALL USM INDEX

128.9 (+0.1)

Close of business 27/9/82

Tel: 01-638 1591

BASE DATE 10/11/80 100

LADBROKE INDEX

578-583 (−1)

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UK COMPANY NEWS

Link House £1.1m higher and sees further progress

MAINTAINING momentum throughout the 12 months, and improving from £2.34m to £2.96m in the second half, Link House Publications finished the year to June 30, 1982 with pre-tax profits £1.11m better at £5.65m.

In addition, with a final payment of 8.5p, the dividend total is being lifted from 10p to 12.3p and the directors say they are confident that 1982-83 will keep up the company's record of increased profits in successive years.

A divisional analysis of turnover, £28.25m (£25.15m), and operating profits, £6.12m (£5.29m), for the period under review shows: Exchange and Mart Publishing £14.65m (£13.79m) and £6.24m (£5.43m); Link House Magazines £9.34m (£9.42m) and £197,000 (£406,000); Blandford Books £2.18m (£1.89m) and £93,000 (£364,000) loss; Link House Communications £85,000 (£62,000) and £222,000 (£186,000) loss.

Unallocated overheads took £1.02m (£802,000), while the contribution from investment income was higher at £697,000 (£543,000). The taxable result was also struck after share of associates loss £28,000 (same) and exceptional costs of £118,000 (£458,000), representing launch and closure costs of magazines and closure costs of offices and a studio.

After tax of £2.88m (£2.12m), and with no extraordinary credit this time compared with £13,000, the attributable balance emerged at £2.77m (£2.44m). Earnings per 20p share are shown to have risen from 20.19p to 23.09p, and on a CCA basis the taxable surplus is stated at £5.28m (£4.17m).

The directors report that Exchange and Mart Publishing enjoyed another successful year despite some volume decreases. The first of a series of local editions of Exchange and Mart was launched in April covering the Manchester area. Early results are encouraging and a second edition is now being launched in the Leeds area.

As forecast at the interim stage Link House Magazines suffered a decline in profits. Trading conditions deteriorated after the first quarter and difficulties were compounded by the failure of RIO, the women's romantic fiction title, which was discontinued during the year.

Despite continuing uncertainties in the book trade both at home and overseas, Blandford Books increased its turnover by 15.5 per cent, largely due to progress in the U.S., and has reduced its losses substantially. On July 1, Oxford Railway Publishing Company, a specialist book publisher in the transport field, was purchased. Its acquisition will mean a more effective use of fixed overheads and contribute to a further improvement in the division's performance in 1982-83 when a return to profitability is expected, the directors state.

● comment

With volumes under severe pressure Link House had to look to internal economies and higher advertising and cover prices for growth. Much depended on the resilience of Exchange & Mart where an 8.8 per cent circulation decline was below the market average and classified advertising, in particular, shows good price elasticity. The new local editions may help reverse the weakening trend in circulation and revenue should benefit from the 20 per cent cover price increase in October. Recovery at Blandford is on target for over £100,000 profit next time with the new acquisition contributing some £90,000. But the outlook for the magazines division—with about 20 titles—remains bleak following the sudden collapse of the advertising market a year ago. The group's only hope is to contain overheads until there is a revival in advertising which represents 65 per cent of revenue and can offer some 60 per cent marginal profit. With £5.8m sitting in the kitty at less attractive returns a major purchase is very likely in the short term. Yesterday the shares jumped 37p to a 1982 high of 270p for a p/e near 12 that expresses confidence.

Planet rises to £0.6m midway

THE EXPECTED improvement at Planet Group for the first half of 1982 has been borne out. Pre-tax profits for the period advanced to £622,000, which compares with £449,000 for the corresponding months last year.

Sales were also well ahead, rising from £10.46m to £16.06m, and trading profits increased by £305,000 to £858,000 with the overseas contribution coming through at £834,000, against £332,000 — Planet, formerly known as the Percy Lane Group, manufactures windows and doors.

The directors say the group is continuing to trade in depressed markets worldwide and no early improvement in the world economy is expected.

They say the group's plans must assume a possible further deterioration in world trading conditions and an increase in competitive pressures. However, subject to any major unforeseen event, the directors expect to see a satisfactory outcome for the second half of the year.

The net interim dividend is being effectively increased to 0.7p (0.64p) after allowing for the two-for-one scrip — a final equal to 1.33p was paid previously. Half year earnings per 10p share were down from an adjusted 2.61p to 2.08p.

Interest charges rose from £104,000 to £236,000 and tax took more at £414,000 (£230,000). Extraordinary debits accounted for £103,000.

The figures for the first half include the U.S. companies, which, the directors say performed exceptionally well in a depressed market.

They point out that the new ventures mentioned in the chairman's statement last year made excellent progress and contributed to the profits for the period. The group incorporated a new subsidiary to increase sales into the southern states.

Besnard Industries (France) made some progress. At Hardall major management changes have been effected. The product range has been rationalised by the transfer of window production to Percy Lane, leaving Hardall to concentrate on its waste disposal systems and architectural pressed metal.

The trading loss at Hardall in the first six months amounted to £160,000, before redundancy and reorganisation costs of £103,000, which have been treated as an extraordinary item. The benefits from these actions should start to be evident during the second half of the year.

In a statement in May Mr R. P. Lane, the chairman, said he expected an improvement in first half results and a satisfactory performance was expected in the second half.

A.C. Cars losses cut

Turnover of AC Cars fell from £875,000 to £799,000 for the six months ended March 31 1982, and losses were suffered for the period, although they were down from £295,000 to £163,000, at the pre-tax level.

The directors say that no improvement is anticipated during the second six months, although increased levels of order intake should result in an upturn during the first half of 1982-83.

Again there is no dividend for the period, the last payment being 0.14p net in 1979.

For the year ended September 30 1981 turnover dropped from £4.13m to £1.98m and the company incurred taxable losses of £361,669 (£191,664).

There is no tax for the first half, against a £14,000 credit, and after minority interests' credit, £4,000 (£49,000), and extraordinary debits—redundancy costs — of £15,000 (£63,000), the attributable loss came through at £174,000, compared with £295,000.

Downturn at Finlay Packaging

FOR THE first half of 1982 colour printer Finlay Packaging returned pre-tax profits of £272,000, compared with £393,000 last year. The directors say competition in the industry intensified with the recession and resulted in lower margins. Sales fell by £399,000 to £3.81m.

However, they are maintaining the net interim dividend at 0.5p—stated earnings per 5p share were down from 2.31p to 1.49p—a final dividend of 1.75p was paid for the 1981 year when taxable profits totalled £815,000.

Tax for the half year took £144,000, against £195,000, after which the available balance showed a drop from £198,000 to £128,000. Dividends absorb a same-again £43,000.

In July it was announced that Ferguson Industrial Holdings had acquired a further 1,705,700 ordinary shares in the company, raising its stake to 1,805,700 shares or 21.04 per cent. The statement added that the Jefferson Smurfit Group had disposed of 1,705,700 shares in the company.

● comment

Half time profits are down a third but Finlay does not indulge in explanations at the interim stage. Anyway, for the market the main interest at present is probably the 20.1 per cent stake taken in Finlay by Ferguson Industrial, the diversified holding company. Judging by past precedent, when Ferguson takes an equity stake it either bids or sells out to a bidder. Certainly Finlay is in the right industrial area for Ferguson to be keen and the £1.1m of cash in the Irish company's balance sheet could be a persuasive inducement when Finlay's market capitalisation is only £2.6m at 30p. However, it might be wrong to look for quick action, Ferguson may prefer to watch Finlay's trading performance a while longer. And Ferguson's consistency cannot be guaranteed—it might just walk away.

Glossop makes progress in first half

Turnover of public works contractor, Glossop, rose by £3.12m to £11.87m, while pre-tax profits for the six months to July 31 1982 improved by £14,000 to £419,000. The results include one month's trading contribution from AAA Industries.

The directors say the results are satisfactory, bearing in mind the costs incurred in streamlining the new enlarged group.

The interim dividend is unchanged at 1.576p net—last year, payments totalling 5.084p were paid on taxable profits of £529,000 (£376,000).

Tax charge for the half year was up £6,000 at £196,000.

£1m profit dive at Parker Knoll

A £1.47m loss from Nathan Furniture has caused a fall in pre-tax profits of Parker Knoll from £3.01m to £2m for the year ended July 31 1982. Group sales rose by £6.65m to £34.93m.

At the interim stage, taxable profits were down marginally from £1.18m to £1.15m. Nathan, acquired in August 1981, lost £622,000 in the period, but Mr M. H. T. Jourdan, the chairman, said he expected to see an improved performance in the second half.

However, a sharp deterioration in the market from April onwards was particularly severe in the cabinet sector and as a result, Nathan's losses increased. In June therefore, the board decided to close the Worcester factory and concentrate Nathan's production at Edmonton, London.

Although the closure will not take effect until the end of this month, the full costs have been charged in the accounts as an extraordinary item—after tax relief—of £314,000.

Mr Jourdan says he is concerned that the additional losses, which had not been anticipated, have now added significantly to the modest price paid for Nathan a year ago.

He believes, however, that the closure of Worcester results in a productive capacity more in line with likely future demand and that the major expense is now behind the group.

The chairman remains convinced that Nathan will become a significant contributor to the group and that a cabinet company will be of importance in promoting the group's furniture interests in the future.

Excluding Nathan, profits for the year were ahead by 24 per cent from £2.77m to £3.44m. Parker Knoll Furniture and Parker Knoll Textiles increased their contributions—from £1.07m to £1.43m and from £1.1m to £1.24m respectively. Profits from K. Raymakers and Sons rose from £536,000 to £677,000 and Mercia Weavers figures were higher at £85,000 (£59,000).

Group tax charge decreased from £1.24m to £0.72m and after the extraordinary item profits showed a decline from £1.77m to £0.97m. Stated earnings per 25p share were down from 24.2p to 17.7p, but the final dividend is repeated at 5p for a same-again net total of 7.5p per share. Payments again absorb £547,000.

Mr Jourdan says he does not believe there are yet any prospects for a substantial improvement in the group's markets in the current year. However, the decline in interest rates, particularly on mortgages, should encourage customers to spend a little more freely, he states.

The group balance sheet, despite Nathan's losses, remains strong. Stocks and debtors, which increased towards the end of the year, are under tight control, the chairman says. Assets are conservatively valued and have been well maintained, and total borrowings are only a fraction of shareholders' funds.

In this condition, the group can face the future confident that it is likely to obtain a satisfactory share of the markets available at margins that, in present conditions, remain acceptable.

● comment

Parker Knoll made a big mistake in buying Nathan Furniture last year. It paid out over £750,000 in acquisition costs, £1.1m to pay off the company's overdraft, and then put in another £1m. What has Nathan given back in return? A pre-tax loss of nearly £1.5m this year. Much of this is due to miscalculations on the part of the parent company. Demand was much worse than it had anticipated, and when it increased Nathan's prices to give better margins, volume was knocked substantially. The chairman admits that the Worcester factory, which he has now been forced to close down, should have been finished with last year. But for the Nathan nightmare, Parker Knoll's underlying growth trend is good. In all the other divisions, both turnover and profits were up, even though the market dipped badly in April. The company is investing about £1.6m this year in new plant and machinery and sees signs that demand in the better end of the market is improving. But since Nathan is unlikely to break even until the end of next year at best, investors are unlikely to see a dazzling performance in the interim figures. At a price of 143p, the yield is 7.8 per cent.

Thorn EMI forecast confirmed

Thorn EMI told a meeting of City analysts that profits before interest for the first half of the current year would be below last year, which confirmed the chairman's statement made at the AGM earlier this month.

The company also confirmed that the cost of higher interest rates, together with an exceptionally high level in investment in video rental equipment, would result in profits after interest for the half year being "substantially lower" than the corresponding period last year.

It amplified these comments by explaining that while trading profits before depreciation were expected to be similar to last year, the depreciation charge would be up to £20m higher and interest charges could increase by up to £7m.

The company also said it expected borrowings to increase by between £70m and £100m during the year, to reach a closing level of between £320m and £350m. It added that it was not its present intention to raise further equity capital and emphasised that, with the seasonal nature of its business, it was difficult at this stage to forecast full-year pre-tax profits.

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BIDS AND DEALS

Two E & A directors oppose Rosedimond

THE independent directors of property group Estates and Agency Holdings yesterday backed their rejection of a bid from Rosedimond Holdings with details of a property revaluation and a forecast of higher profits and dividend.

Their letter coincided with the issue by Rosedimond of its formal offer document which places its total value of £7.21m on E. and A. First closing date of the offer is October 18.

Rosedimond, a privately-owned property investment group, first announced its 120p cash per share offer on September 10. It revealed it had acquired 1.47m shares taking its holding to 3.43m or 37.5 per cent of the E. and A. equity.

Two directors of E. and A., Mr J. G. Bizley and Mr G. Leigh, who are opposed to the Rosedimond bid, said a recent independent valuation of the principal properties of the company indicated net tangible assets per ordinary share of 179p before allowing for contingent tax liabilities.

The two directors, who have been advised by Samuel Montagu and Co., also forecast an increase from £121,000 to £300,000 in pre-tax profit in the year ending December. The directors will recommend an increase in the dividend payment to 1.5p net per ordinary share from 1p last year.

Mr John Rosefield, chairman of E. and A., and Mr H. M. Patsner, another director, have not advised shareholders because of their connections with Rosedimond. Mr Rosefield is a director of Rosedimond.

Rosedimond said it will try to maintain E. and A.'s status as a listed autonomous company. It intends to make shares available to the public if the level of acceptances is such that continuation of the listing on the Stock Exchange is jeopardised.

Braby urges rejection of Anglo-Nordic offer

Braby Leslie, the mechanical and civil engineering group, will urge its shareholders to reject the bid made for their company last Friday by Anglo Nordic Holdings, the industrial holding company.

Anglo is making a share offer valuing Braby at 73½p per share—worth £7.4m—with an alternative cash offer of 66p. Braby shares closed 2p lower at 67p last night while Anglo, which trades on the Unlisted Securities Market, was unchanged at 42p.

Mr L. W. H. Rea, chairman of the West London engineering group, said Braby's board was unanimous in finding no industrial logic to the bid. "We think the bid is ill-considered, with the cash price too low and the share offer extremely hazardous," said Mr Rea.

Referring to earlier contacts between the two companies which accompanied purchases of Braby shares by an associate company of Anglo—the associate, CHI Securities holds 27½ per cent—Mr Rea said he had stated several times his objections to the idea of a bid.

Mr Rea added that Braby, which is being advised by Lazards, would now set about organising a strong defence against the bid. He said Braby was in a good cash position and *anticipated being able to make* favourable profit forecasts. Full details would be sent to shareholders when the offer document had been seen from Anglo.

Standard Chartered Merchant Bank, advisers to Anglo, said they hoped to be able to despatch the offer document in about a fortnight's time.

ICI HAS 53.86% OF ARTHUR HOLDEN

ICI has received from certain shareholders in Arthur Holden and Sons irrevocable undertakings that they will accept the recommended offer in respect of their holdings totalling 2,586,242 shares (36.21 per cent of the issued capital), subject to the despatch of the offer documents to the shareholders at the latest by October 20 1982.

The undertakings are in addition to those previously received from the directors of Holden totalling 201,374 shares (2.82 per cent).

ICI owns 1.06m shares in Holden (14.84 per cent of the issued capital). The shares comprised in the undertakings together with ICI's existing holding total 3,847,616 shares (53.86 per cent).

FAIRDALE SUSPENDED

The shares of Fairdale Textiles, the London-based clothing manufacturer and cloth merchant, were temporarily suspended at the company's request yesterday pending an announcement.

The suspension price of 16p puts a market value of £633,600 on the company, which in July announced pre-tax profits more than halved to £86,000 in the year ended January 30. Turnover rose 3 per cent to £7.27m.

MOSSPRAY/NU-SWIFT

The share offer made by Mosspray for Nu-Swift Industries has been accepted in respect of 6,798,830 shares, representing 33.9 per cent of the issued share capital. The acceptances include 2,951,000 shares (14.75 per cent) held before the offer period by a company controlled by Mr Brian McGillivray and its associates.

Acceptances to the cash offer have been received in respect of 1,250,249 ordinary shares. The share and cash offers have been extended until October 1.

An associate of September Purchasing bought 550,000 Nu-Swift ordinary on September 24 at 40½p, raising its holding to 1.925m (9.625 per cent of the issued ordinary share capital).

MINING NEWS

Zambian copper group falls sharply in value

BY GEORGE MILLING-STANLEY

THE MERGER in March this year of Zambia's two big state-controlled copper producers has thrown up one or two problems.

The latest accounts of Zambia Copper Investments (ZCI) suggest that there has been a sharp fall in the value of the merged group, Zambia Consolidated Copper Mines (ZCCM). ZCI, which supported the merger at the time, holds a stake of 27.3 per cent.

The results of ZCI for the year ended June 30 are marred by extraordinary deficits totalling US$101m (£59.4m), almost all of which is accounted for by a write-down of 50 per cent in the carrying value of ZCI's interest in the copper group.

The stake in ZCCM, the second biggest copper producer in the world after Chile's Codelco, had a market value on June 30 of just $21m, against a carrying value in ZCI's books of $301.6m.

ZCI decided on the write-down after consideration of the "very serious economic difficulties at present facing Zambia in general and ZCCM in particular." These difficulties, the ZCI directors said, may have brought about "a permanent diminution" in the value of the copper group.

While it is not possible to quantify this diminution, they feel it is prudent to make a provision of half of the book value of the investment in the latest accounts.

In support of their action, ZCI provided with its results a summary of ZCCM's performance in its last financial year, which ran to March 31.

This showed production of copper, cobalt, lead and zinc broadly unchanged from premerger levels, but generally lower prices led to a fall of about 11 per cent in total sales.

Soaring operating costs, coupled with the problems of financing big stockpiles of unsold metals built up over the past couple of years of falling demand, produced a net loss of Kwacha 174m (£109m). This compares with combined profits of Kwacha 26.5m from the two companies in the year before the merger.

The balance of ZCI's extraordinary deficits is a charge of $269,000, which arises out of the interest held in the financially troubled Botswana RST (Botrest) by De Beers Consolidated Mines.

ZCI is part of South Africa's Anglo American/De Beers group, through a stake of 50 per cent held in the copper investment concern by the group's Bermuda-registered Minorco.

Three years ago, ZCI granted De Beers a fixed charge over all its assets as security for contingent liabilities undertaken by De Beers in respect of Botrest.

Some of these contingent liabilities have crystallised this year following the latest in a succession of financial reorganisations at the Botswana base metal operation, and ZCI has had to pay a total of $341,000 to De Beers, of which $269,000 is deemed to be irrecoverable.

All of this combined to give ZCI a net loss of $98.5m, against profits last time of $2.5m. The extraordinary deficits will be met by a transfer from the share premium account.

Consequently, no dividend will be paid. The bulk of ZCI's income is normally derived from dividends from the Zambian copper producers, but no income has been externalised during the past year. The kwacha equivalent of about $6.4m of dividend income remains blocked in Zambia.

Price rise boost for Wankie

THANKS to the coal and coke price increases of between 17 per cent and 28 per cent, which took effect from December 21 last, Zimbabwe's Wankie Colliery has enjoyed a sharp recovery in profits in the six months to August 31. The interim dividend, however, is unchanged at 3 cents (2.3p).

This big Anglo American Corporation group colliery, which must be one of the very few mining operations in Zimbabwe to be making a profit, slightly increased its sales in the latest half-year.

Net profits have expanded to Z$1.96m (£1.48m) compared with only Z$97,000 in the same period of 1981 and an improvement to Z$840,000 in the second half of that year.

Wankie points out that there has been no improvement in the situation regarding the serious deterioration in its coke ovens but so far coke deliveries to customers have been unaffected.

In the last annual report, Sir Keith Acutt said that in order to maintain coke supplies to customers a repair programme, as opposed to complete rebuilding of the ovens, was to be carried out while the cokeworks continued in operation. Any shortfall in supplies during this period was to be made good by drawing upon stockpiles.

Meanwhile, the open-cast expansion project is running on schedule: it is due to be completed by the end of the current financial year to next February. The company has to raise Z$9.12m additional equity before it can draw more than 50 per cent of the foreign loan facilities under an agreement with the International Finance Corporation. The possibility of making a rights issue has been ruled out and discussions on the subject are continuing with the Zimbabwe Government.

Dove gets 65% of Amal. Tin

THE OFFER by Dove Holdings of 12p cash per share for Amalgamated Tin Mines of Nigeria (Holdings) has now closed. Acceptances by Amalgamated Tin holders amounted to 33.62 per cent *which, together with the* shares already owned by Dove, brings the latter's holding to 65.07 per cent.

Dove is a privately-owned Jersey-registered investment company and wishes to maintain the listing of Amalgamated Tin shares. It is intended that Amalgamated Tin should continue as an investment company with focus on UK investments in the service industries and, in particular, the financial sector.

But Dove has also said that this will not preclude investment in other fields and other countries. It is also proposed that Amalgamated Tin should raise additional cash resources by way of a rights issue.

Amalgamated Tin was one of the world's biggest tin producers, operating in Nigeria. Following the implementation of the Nigerian Enterprises Promotion decrees the ownership of the Nigerian tin mining assets fell to 40 per cent and the policy of the board has been to return to shareholders the cash proceeds of the disposal of shares in the Nigerian company.

EUROPEAN OPTIONS EXCHANGE

Series		Nov. Vol.	Nov. Last	Feb. Vol.	Feb. Last	May Vol.	May Last	Stock
GOLD C	$350	8	78	—	—	—	—	$414.50
GOLD C	$375	16	55	—	—	33	85	"
GOLD C	$400	17	54	2	55 B	3	65 B	"
GOLD C	$425	60	25	2	40	1	56	"
GOLD C	$450	52	14	112	30 B	27	43	"
GOLD C	$475	52	8.50	12	20	8	35	"
GOLD C	$500	42	5	10	18	23	26	"
GOLD C	$550	14	2.50	44	10.10	2	14	"
GOLD P	$350	32	2.50	27	10	5	11	"
GOLD P	$375	26	7	23	17	6	21	"
GOLD P	$400	57	14	—	—	63	27	"
GOLD P	$425	17	27	14	37	35	42	"
GOLD P	$450	13	44	15	61	6	53	"
GOLD P	$475	3	64	2	70	3	71	"
12¾ NL 81 87-91								
C	F.112.50	425	2.30	—	—	—	—	F.114.60
C	F.115	550	0.70	10	1.40	—	—	"
11¼ NL 82 88-92								
P	F102.50	—	—	—	—	2	1.60	F.104.50
		Oct.		Jan.		April		
ABN C	F.248	16	1.50	—	—	—	—	F.236
ABN P	F.240	—	—	2	12.50	—	—	"
AKZO C	F.25	21	6.10	5	2.60	10	3.50	F.26.90
AKZO C	F.27.50	4	0.40	99	1.30	50	1.30	"
AKZO C	F.30	10	0.10	5	0.60	—	—	"
AKZO P	F.25	3	0.10	—	—	—	—	"
AKZO P	F.27.50	50	1.30	—	—	—	—	"
AMRO C	F.40	—	—	3	1.50	1	2.50	F.66.90
AMRO P	F.35	—	—	—	—	27	2.60	—
AMRO P	F.40	—	—	3	3.50	—	—	
HEIN C	F.60	4	8	2	6.20	2	9.20	F.67.70
HEIN C	F.65	1	3.50 A	—	—	—	—	"
HEIN C	F.70	35	0.80	6	2.40	—	—	"
HEIN P	F.55	—	—	1	1.50	1	2.40	"
HOOG C	F.17.50	—	—	3	0.80	—	—	F.18.40
IBM C	$.65	4	11¾	—	—	4	16¼	$57⅞
KLM C	F.80	—	—	—	—	10	15	F.87.30
KLM C	F.60	27	1.20	18	5	—	—	"
KLM C	F.100	10	0.20	7	2	—	—	"
KLM C	F.110	—	—	5	0.80	—	—	"
KLM P	F.80	34	0.50	—	—	—	—	"
KLM P	F.60	40	4	8	6.40	—	—	"
KLM P	F.100	1	12.50 B	—	—	1	14	"
KLM P	F.110	1	23	—	—	—	—	"
NEDL C	F.100	20	6.20 A	—	—	—	—	F.105.50
NEDL C	F.110	—	—	25	4	—	—	"
NEDL P	F.110	18	5	26	6.60	—	—	"
NATN C	F.115	—	—	2	1.40	—	—	F.106.70
NATN P	F.105	—	—	2	2.50	—	—	"
PHIL C	F.22.50	4	6.40	7	5.50	—	—	F.26.70
PHIL C	F.25	308	0.90	50	1.40	50	2	"
PHIL C	F.27.50	120	0.10	40	0.50	49	0.80	"
PHIL P	F.25	—	—	—	—	5	1	"
RD C	F.120	291	1	128	3.30	—	—	F.88.50
RD C	F.100	—	—	18	0.90	26	1.60	"
RD P	F.80	3	0.20	16	0.90	10	1.50	"
RD P	F.90	47	2.30	21	5.60	12	4.30	"
UNIL C	F.160	6	7.50	6	8.60	—	—	F.167.30
UNIL C	F.170	—	—	1	3 A	6	4.50	"
UNIL P	F.150	—	—	10	1.10	—	—	"
UNIL P	F.160	6	0.90	16	4	—	—	"
UNIL P	F.170	—	—	2	2.50	—	—	"
		Nov.		Feb.		May		
MANN C	DM.140	40	3	—	—	—	—	DM135.70
SIEM C	DM.240	100	7.60	1	16.50 B	6	16	DM238.20
SLUM C	DM.40	—	—	2	2¼	1	3½	$35¾
VEBA C	DM.120	10	6.56	20	7.60	—	—	DM122.50
VEBA C	DM.150	10	1.20	20	3.50	—	—	"

TOTAL VOLUME IN CONTRACTS 5,965

A=Asked B=Bid C=Call P=Put

LONDON TRADED OPTIONS

September 27 Total Contracts 1,050 Calls 658 Puts 692

Option	Exercise price	Oct. Closing offer	Oct. Vol.	Jan. Closing offer	Jan. Vol.	April Closing offer	April Vol.	Equity close
BP (c)	660	16	1	68	—	40	—	284p
BP (c)	300	6	—	16	6	26	—	"
BP (p)	280	7	10	14	—	20	—	"
BP (p)	600	20	18	28	—	34	—	"
CU (c)	160	5	3	11	—	16	—	160p
CU (p)	160	7½	2	10	—	12	16	"
Cons. Gld (c)	420	22	6	45	—	54	—	419p
Cons. Gld (c)	460	9	6	27	1	37	—	"
Cons. Gld (c)	500	6	6	16	2	23	—	"
Cons. Gld (p)	460	45	5	50	—	60	—	"
Gtlds. (c)	70	10	—	16	3	15	—	76p
Gtlds. (c)	80	2½	—	7	—	2	—	"
Gtlds. (c)	80	7	—	6	—	11	—	"
Gtlds. (p)	90	16	—	17	—	16	8	"
GEC (c)	1100	140	5	177	—	610	—	£16¼
GEC (c)	1200	50	44	110	7	150	—	"
GEC (p)	1100	6	6	22	10	34	—	"
GEC (p)	1200	25	2	50	—	65	—	"
Gr'd Met. (c)	614	71	2	76	6	—	—	283p
Gr'd Met. (c)	320	65	3	70	6	—	—	"
Gr'd Met. (c)	340	45	10	50	—	53	—	"
Gr'd Met. (c)	280	12	23	23	4	29	—	"
Gr'd Met. (c)	300	5	16	11	—	17	—	"
Gr'd Met. (p)	250	4	65	7	4	15	1	"
Gr'd Met. (p)	280	7	18	11	2	18	—	"
ICI (c)	300	10	1	20	—	68	—	296p
ICI (c)	330	2	—	10	6	14	—	"
ICI (c)	260	1½	4	3	—	2	—	"
ICI (p)	280	5	16	10	5	14	1	"
ICI (p)	300	11	47	16	3	20	—	"
Land Sec. (c)	260	37	10	38	—	47	—	272p
Land Sec. (c)	280	11	10	26	6	35	4	"
Land Sec. (c)	600	3	3	12	—	23	—	"
Land Sec. (p)	260	6	2	6	—	8	—	"
Land Sec. (p)	280	6	1	16	—	17	—	"
Mks & Sp. (c)	160	37	6	32	36	66	—	205p
Mks & Sp. (c)	200	10	38	17	16	20	4	"
Mks & Sp. (p)	180	6	—	5	2	6	4	"
Mks & Sp. (p)	200	3	2	10	13	12	1	"
Shell (p)	690	6	10	16	4	20	—	406p
		November		February		May		
Barclays (c)	360	35	20	50	—	58	—	386p
Barclays (p)	360	7	—	12	23	22	—	"
Barclays (p)	325	12	1	20	—	—	—	"
Barclays (p)	660	15	10	22	—	67	—	"
Imperial (c)	90	17	70	20	—	22	—	106p
Imperial (c)	100	3	158	11	2	14	—	"
Imperial (c)	110	3¼	14	8½	3	8	—	"
Lasmo (p)	300	3	—	6	—	16	1	347p
Lasmo (c)	630	3	2	14	—	25	—	"
Lasmo (p)	660	22	3	37	—	47	—	"
Lonrho (c)	80	2	—	14	—	18	3	84p
Lonrho (c)	90	4	1	8½	—	11	1	"
P & O (c)	140	3	4	11	—	14	20	151p
P & O (p)	130	5	13	7	—	2	—	"
Racal (p)	550	75	10	66	—	110	—	603p
Racal (c)	600	42	23	50	—	75	—	"
Racal (p)	550	6	—	20	90	30	—	"
Racal (p)	600	63	—	33	6	40	—	"
RTZ (c)	460	9	7	23	7	30	—	482p
RTZ (p)	390	6	16	16	—	16	—	"
Vaal Rfs. (c)	60	15½	7	15½	—	17½	—	871¼
Vaal Rfs. (c)	70	5	2	11	—	13	1	"
Vaal Rfs. (p)	60	12	20	38	—	52	—	"
Vaal Rfs. (p)	70	46	4	74	—	84	—	"

C=Call P=Put

BASE LENDING RATES

A.B.N. Bank	10½%	Grindlays Bank	‡10½%
Allied Irish Bank	10½%	■ Guinness Mahon	10½%
Amro Bank	10½%	■ Hambros Bank	10½%
Henry Ansbacher	10½%	Hargrave Secs. Ltd.	a10½%
Arbuthnot Latham	10½%	Heritable & Gen. Trust	10½%
Associates Cap. Corp.	11 %	■ Hill Samuel	§10½%
Banco de Bilbao	10½%	C. Hoare & Co.	†10½%
BCCI	10½%	Hongkong & Shanghai	10½%
Bank Hapoalim BM	10½%	Kingsnorth Trust Ltd.	12 %
Bank of Ireland	10½%	Knowsley & Co. Ltd.	11 %
Bank Leumi (UK) plc	10½%	Lloyds Bank	a10½%
Bank of Cyprus	10½%	Mallinhall Limited	10½%
Bank Street Sec. Ltd.	12 %	Edward Manson & Co.	12 %
Bank of N.S.W.	10½%	Midland Bank	a10½%
Banque Belge Ltd.	10½%	■ Samuel Montagu	10½%
Banque du Rhone	11 %	■ Morgan Grenfell	a10½%
Barclays Bank	10½%	National Westminster	10½%
Beneficial Trust Ltd.	11½%	*Norwich General Trust*	10½%
Bremar Holdings Ltd.	11½%	P. S. Refson & Co.	10½%
Brit. Bank of Mid. East	10½%	Roxburghe Guarantee	11 %
■ Brown Shipley	11 %	Slavenburg's Bank	10½%
Canada Perm't Trust	11 %	Standard Chartered	‖10½%
Castle Court Trust Ltd.	11 %	Trade Dev. Bank	10½%
Cavendish G'ty T'st Ltd.	12 %	Trustee Savings Bank	a10½%
Cayzer Ltd.	10½%	TCB	10½%
Cedar Holdings	11 %	United Bank of Kuwait	10½%
■ Charterhouse Japhet	10½%	Volkskas Intl. Ltd.	10½%
Choulartons	10½%	Whiteaway Laidlaw	11 %
Citibank Savings	¶11 %	Williams & Glyn's	10½%
Clydesdale Bank	10½%	Wintrust Secs. Ltd.	11 %
C. E. Coates	11½%	Yorkshire Bank	a10½%
Comm. Bk. of N. East	10½%		
Consolidated Credits	10½%		
Co-operative Bank	*10½%		
Corinthian Secs.	10½%		
The Cyprus Popular Bk.	10½%		
Duncan Lawrie	10½%		
E.T. Trust	10½%		
Exeter Trust Ltd.	11½%		
First Nat. Fin. Corp.	13½%		
First Nat. Secs. Ltd.	13 %		
Robert Fraser	11½%		

■ Members of the Accepting Houses Committee.
* 7-day deposits 7.25%, 1 month 7.50%. Short-term £8,000/12-months 2.85%.
† 7-day deposits on sums of: under £10,000 7¼%, £10,000 up to £50,000 8%, £50,000 and over 8¼%.
‡ Call deposits £1,000 and over 7¼%.
‖ 21-day deposits over £1,000 8¼%.
§ Demand deposits 7¼%.
¶ Mortgage base rate.
a Effective from close of business 31 August 1982.

هكذا من الأصل

$200m Eurodollar bond debut for Amro Bank

BY NICHOLAS COLCHESTER

AMSTERDAM-ROTTERDAM Bank last night launched its first dollar Eurobond, a $200m issue with a coupon of 13 per cent priced at 99½ to yield 13.11 per cent to redemption in 1989.

Dealers immediately described the issue as being finely priced. The coupon of 13 per cent compares with the 14¼ per cent of the first dollar Eurobond from Deutsche Bank, launched at the beginning of August. Deutsche followed this with a private placement in the middle of August on which the coupon was reduced to 13½ per cent.

The Deutsche Bank 14¼ per cent bond was trading last night at 106 to give a yield of 13.77 per cent. A normal discount of 1¾ per cent on the stated price of the Amro bond would raise the yield from 13.11 per cent to about 13.5 per cent. Last night the bond was being quoted at a selling price of less 1¼. The lead managers are Amro International and Morgan Guaranty.

Before the news of the issue, it was an uneventful day in the dollar bond secondary market. Prices firmed a little in the afternoon after the New York market got off to a sound start. The Fed funds rate hovered at 10¼ per cent, but the basic expectation of falling interest rates remained intact and with it the underlying soundness of the market.

The election result in Hesse, with its unexpectedly strong showing for the Social Democrats, weakened the market in D-mark bonds by ¼.

In Switzerland Philips Lamp launched a SwFr 100m 10-year issue through Union Bank of Switzerland. The mooted yield was 6 per cent, which would be the lowest since the issue by the Japan Development Bank in June. Meanwhile, the private placement of a SwFr 55m convertible for Kawasaki Kisen was postponed by lead manager Credit Suisse.

Prices in the Swiss franc bond market weakened marginally, primarily because of the strength of the U.S. dollar.

In Luxembourg, the European Coal and Steel Community announced a LuxFr 600m issue with a 10-year maturity, an average life of 7.9 years, a coupon of 11 per cent and a price of 99¾. The lead manager is Banque Generale du Luxembourg.

Marietta shares hit by debt fears

By Richard Lambert in New York

SHARES IN Bendix Corporation jumped $16.5 to $74 in early trading yesterday following Friday night's announcement of an agreed bid worth some $85 a share from Allied Corporation. But shares in Martin Marietta, which successfully fought off Bendix's takeover bid, slumped by $9.5 to $35, compared with an offer from Bendix which had been worth $48 a share.

The steep fall was explained by the fact that Marietta's shares had been buoyed up in the battle—they had traded as low as $22.25 within the past 12 months—as well as by the market's concern about the heavy burden of debt which Marietta has inherited from its battle with Bendix.

The company has said that its earnings next year could exceed $5 a share, but there is speculation that it may have to sell off some of its assets in order to restructure its balance sheet.

Shares in the company which emerged as the ultimate victor in the struggle also came under pressure. Allied slipped by just over $3 to $33.25 in the morning session.

In what appeared to be the final move in one of Wall Street's most remarkable takeovers, United Technologies announced yesterday that it was withdrawing its own tender offer for Bendix, leaving Allied free to take outright control of the company.

Harvester to close Indiana assembly plant

INTERNATIONAL Harvester, the troubled tractor and truck group, is to consolidate its U.S. truck assembly operations at its Springfield, Ohio, plant. The company said yesterday it would discontinue truck assembly next year at its plant at Fort Wayne, Indiana, which has a workforce of 2,200, writes Our Financial Staff.

Operations at Harvester's Canadian truck assembly plant at Chatham, Ontario, are to continue unchanged.

Harvester expects the U.S. consolidation to increase production capacity at Springfield to about 70 per cent from 35 per cent at current demand levels.

The Springfield and Chatham plants would provide more capacity for less cost than other alternatives, Harvester said. Other factors favouring the Springfield plant included its automated high-rise inventory storage and its relative newness, requiring less maintenance.

$488m Ford issue leads shelf registration wave

BY PAUL TAYLOR IN NEW YORK

FORD MOTOR CREDIT, the financial services subsidiary of the U.S. car maker, yesterday filed a $488.6m offering of medium term notes with the Securities and Exchange Commission (SEC).

The Ford "shelf registration" under Rule 415, which allows companies to sketch out long-term financing plans and to issue the debt at a moments notice when market conditions are most favourable, came amid a stream of similar registrations by companies yesterday seeking to take advantage of the controversial rule.

The SEC recently extended the shelf registration rule for a further year despite the objections of some investment bankers who had argued that it reduced the amount of information available to investors and concentrated power in the hands of underwriters.

The Ford registration, which follows the completion of an earlier registration which the company said was almost sold out, comprises notes with maturities between nine months and five years. The new notes will be sold through Goldman Sachs and Merrill Lynch White Weld Capital Markets Group, although Ford Motor Credit is reserving the right to sell the notes directly on its own behalf.

Separately, three other major U.S. companies made shelf registrations yesterday.

Rockwell International, the aerospace and electronics group, filed a $300m shelf registration of securities to be offered in one or two tranches at some future date.

Beatrice Foods, the food conglomerate, filed a $150m shelf registration with the SEC, while Union Camp, the paper and packaging company, also filed a $150m registration.

Petro-Lewis slips further

By Our Financial Staff

PETRO-LEWIS, the Denver-based oil and gas explorer which specialises in acquiring properites for investors, has reported a further sharp downturn in net profits. They fell 35 per cent to $5.6m for the fourth quarter ended June, leaving net profits for the fiscal year down 39 per cent to $20.6m.

Revenues in the final period were ahead by 50 per cent to $72.9m, bringing full year revenues to $240.7m, up 33 per cent from a year earlier.

Earnings per share worked out at 25 cents in the latest quarter against 38 cents a year earlier and 86 cents for the year against $1.50 a year earlier.

Petro-Lewis recently agreed to pay $722m for some U.S. oil and gas properties of Conoco which became a subsidiary of Du Pont, the leading U.S. chemical company, after a spectacular takeover battle earlier this year.

N. AMERICAN QUARTERLIES

BROWN GROUP	1981-82	1980-81
Third quarter	$	$
Revenue	323.6m	321.4m
Net profits	12.93m	11.97m
Net per share	1.21	1.10
Nine months		
Revenue	1.01bn	964.9m
Net profits	38.56m	36.17m
Net per share	3.59	3.31

GELCO CORPORATION	1981-82	1980-81
Fourth quarter	$	$
Revenue	245.9m	232.5m
Net profits	9.31m	7.26m
Net per share	0.70	0.70
Year		
Revenue	959.9m	851.8m
Net profits	29.6m	28.4m
Net per share	2.51	2.75

HAMMERMILL PAPER	1981-82	1980-81
Third quarter	$	$
Revenue	312.6m	317.9m
Net profits	5.97m	9.30m
Net per share	0.58	1.10
Nine months		
Revenue	871.1m	956.9m
Net profits	27.3m	32.8m
Net per share	2.89	3.89

HART SCHAFFNER AND MARX	1981-82	1980-81
Third quarter	$	$
Revenue	210.8m	202.8m
Net profits	5.74m	5.25m
Net per share	0.70	0.60
Nine months		
Revenue	635.2m	594.8m
Net profits	22.6m	19.1m
Net per share	2.63	2.20

HOUSTON NATURAL GAS	1981-82	1980-81
Year	$	$
Revenue	3.18bn	2.91bn
Net profits	262.7m	238.7m
Net per share	6.46	5.94

JEWEL COMPANIES	1981-82	1980-81
Second quarter	$	$
Revenue	1.69m	1.52bn
Net profits	25.42m	21.79m
Net per share	1.95	1.66
Six months		
Revenue	2.93bn	2.65bn
Net profits	42.25m	36.07m
Net per share	3.21	2.71

JOHN LABATT	1982-83	1981-82
First quarter	C$	C$
Revenue	579.6m	535.9m
Net profits	20.4m	17.7m
Net per share	1.26	1.15

LEVI STRAUSS	1981-82	1980-81
Third quarter	$	$
Revenue	738.2m	802.1m
Net profits	45.18m	54.64m
Net per share	1.09	1.32
Nine months		
Revenue	1.89bn	2.13bn
Net profits	80.69m	127.9m
Net per share	1.95	3.07

UTD MERCHANTS & MANUFACTURERS	1981-82	1980-81
Year	$	$
Revenue	581.4m	669.6m
Net profits	115.8m	2.93m
Net per share	12.44	0.43
(Loss)		

WALCO NATIONAL	1981-82	1980-81
Year	$	$
Revenue	183.3m	124.4m
Net profits	4.01m	11.22m
Net per share	1.02	2.87

Louise Kehoe reports on the Christmas glut in computerised toys

Video games face price wars

BENEATH 3m Christmas trees in the U.S. this year there will be large packages containing video game machines. That can be predicted with a degree of certainty because the machines have already been made and sold to retailers.

What will happen to video game sales after Christmas is another question. Market watchers are beginning to offer widely differing opinions.

"The video games business is a disaster in the making," believes Mr Jerry Wasserman a director of Arthur D. Little. He sees the $3bn videogame market taking the same path as that carved out by electronic calculators and watches. After a meteoric growth, those markets collapsed producing uncomfortable losses for manufacturers and their suppliers.

Mr Wasserman predicts a "blood-bath price war" among videogame manufacturers like Atari and Mattel as sales slow down after Christmas. If he is right then new companies like Activision and Imagic, makers of cartridge games which plug into video machines, could come crashing down.

Also prone to the effects of the rise and fall of the videogame market are semiconductor chip makers—Advanced Micro Devices, National Semiconductor, Texas Instruments and others—which have been supplying the tiny "rom" (read only memory) chips that hold the game programs.

In the depressed semiconductor business, videogames have provided one of the few bright patches over the past year. Chip makers eagerly supplied orders for tens of millions of chips containing the programs that make Pac-Man gobble and space invaders shoot.

The chip makers are however painfully aware of bow fickle consumer electronics markets can be.

Armchair soccer from Atari.

Intel, for example, chose not to get involved. Advanced Micro Devices President Mr W. J. (Jerry) Sanders III, says that while his company has avoided the consumer electronics market for years—because it has proved disastrous in the past—he is currently prepared to sell to any market. "We are watching our exposure to the videogames business, but I do not believe that videogames will prove to be a classic consumer market, he told concerned stock holders at the company's recent annual meeting.

"Videogames are and will continue to be a voracious user of our products," said Mr Sanders. AMD has been supplying rom chips for the Atari Pac-Man game, and is now supplying roms with double the memory capacity for a soon to be introduced game called ET, based on the movie of the same name which is creating a cult of Star Wars proportions.

National Semiconductor has also welcomed business from videogame manufacturers. The company has just completed construction of a brand new rom production line to triple its production capacity for the parts. Videogames are not the only application of roms—the program holding chips are also used in small computers—but so far videogames and other electronic toys have been by far the biggest consumers of the devices.

"Videogames are just the beginning," suggests Mr Bill Sanderson, marketing manager at National Semiconductor. He believes that videogames will extend the use of home computers: "Games will take away the fear that most people have of computers," agrees Mr William Grubb, president of Imagic, which has sold $50m worth of games in its first year of operation.

As prices of home computers come down—market leaders Atari, Texas Instruments and Commodore have all recently cut prices to between $200 and $300—home computers are beginning to compete with the $140 game machines. But videogame market leader Atari still maintains that there are two distinct markets, and competitors Mattel Electronics recently scrapped plans to offer an add on computer keyboard for its game machine.

Prices of game machines will be slashed to under $100 after Christmas, industry analysts predict. They see the price cuts maintaining the volume of sales throughout 1983. Added features, including more sophisticated games with higher quality graphics, will also help to sustain growth.

Next month Atari will introduce a "supergame" machine, and Mattel also has plans for an upgraded version of its "Intellivision." Both Atari and Mattel are believed to have already sold every machine that they can make in time to deliver to the shops this year.

The exuberance of the videogame manufacturers has, however, already been dampened. Atari's Pac-Man has not proven to be as big a success as the company had predicted. Atari believed that Pac-Man would sell between 8m and 9m cartridges—four times as many as any other game. But competitors say the company badly over-estimated, selling about 5m. Now Pac-Man is passé, and the game is being heavily discounted as retailers try to unload stock.

Still, by the end of the year close to 18 per cent of the 80m U.S. households which own a colour television will also have a videogame machine. If videogames are a fad, then they are one that will supply fast and enormous profits for those who get in—and perhaps out—of the market at the right time.

St Regis Paper tax sale

ST. REGIS PAPER, the major forest products group, has received about $38m in cash from the sale of accelerated depreciation tax benefits. As a result the company expects to declare a $1 share gain when third quarter results are published.

St. Regis said it had sold tax benefits connected with an expansion of manufacturing facilities.

Earlier this year St Regis announced a drop of some two-thirds to 49 cents a share in second quarter earnings. The result took six-month profits down to $1.05 a share, against $2.96, and forced the company to reduce its dividend.

Group earnings in 1981 equalled $5.19 a share.

● Scott Paper plans a $38.5m expansion of the finishing and warehouse facilities at its plant in Windslow, Maine, and the start-up of its recycle fibre mill there.

Debt warning from GDF

GAZ DE FRANCE (GDF), France's state-owned gas utility, has warned that total debt will rise to FFr 20bn this year from FFr 12.2bn in 1981, writes our Financial Staff.

GDF, a frequent borrower on the international capital market, has already estimated that it will incur a loss of FFr 3bn this year, compared with a deficit of FFr 600m in 1981.

GDF blamed its financial problems on the sharp appreciation of the dollar against the franc, which has driven up energy prices. It also said that group performance was hampered by the government's current wage and price freeze. The utility demanded a 23-25 per cent price increase to pull it out of the financial crisis.

However, industry observers doubt if GDF will be able to turn itself around in the near future.

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. For further details of these or other bonds see the complete list of Eurobond prices which will be published next on Wednesday October 13. Closing prices on September 27

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Aetna Life 15 88/97	150	106⅞	107⅜	+0⅛	+1½	12.32
Amax Int. Fin. 16¼ 92	75	103½	104	−0⅛	+1	15.41
Amax O/S Fin. 14½ 89	75	103¼	103¾	+0⅛	+1¾	13.39
ATT 14¼ 89	400	108⅛	108⅝	−0⅛	+1⅛	12.25
Bk. Finance 14¼ 89	150	100¼	100¾	0	+0⅛	14.57
Bk. Amer. NT SA 12 87	200	95⅝	96⅛	0	+1⅛	13.21
Bk. Montreal 14¼ 87	100	97⅞	98⅜	+0⅛	+1⅜	15.02
Bque. Indo Suez 15 89	150	101½	102	+0⅛	+1	14.51
British Col. Hyd. 14¼ 89	200	104	104½	−0⅛	+1⅛	13.68
British Col. Hyd. 15¼ 92	150	106⅞	107⅜	0	+0⅛	13.89
Canada 14¼ 87	750	105	105½	0	+0⅜	12.78
Canadair 15½ 87	150	104⅝	105⅛	0	+0⅞	13.88
Can. Pac. Sec. 14¼ 92	75	101	101½	0	+1⅛	14.34
Can. Pac. Sec. 15 89	75	101⅞	102⅜	0	+1	14.47
CIBC 16 87	100	101½	102	+0⅛	+0⅛	15.34
Citicorp O/S 15 84/92	100	101	101½	0	+0⅜	13.87
Citicorp O/S 15½ 85/97	125	102⅝	103⅛	0	+1⅛	13.90
CNA 15⅞ 97	75	105⅝	106⅛	0	+0⅞	14.78
Con. Illinois 15¼ 89	100	†98	98½	+0⅛	0	16.13
Deutsche Bk. F. 14¼ 89	300	101⅞	102⅜	0	+0½	13.73
Duke Pwr. O/S 15½ 89	60	102¾	103¼	−0⅛	−0⅛	14.89
Du Pont 14½ 89 WW	200	102⅞	103⅜	0	+0⅞	13.39
ECSC 14¼ 87 (April)	80	103	103½	−0⅛	+0⅛	13.66
EIB 15½ 89	150	104⅛	104⅝	−0⅛	+0⅛	14.35
EIB 15½ 92	100	104⅞	105⅜	0	+0⅜	14.46
Eksportfinans 14¼ 89	50	102¼	102¾	−0⅛	+0½	13.84
Gen. Elec. Credit 0.0 92	400	32¼	32¾	0	+1⅜	12.78
Gen. Elec. Credit 0.0 93	400	28¾	29¼	+0⅛	+1¼	12.65
Getty Oil Int. 14 89	125	104½	105	0	+1	12.84
GMAC O/S 15¼ 85/97	100	102¾	103¼	+0⅛	+1	13.64
GMAC O/S Fin. 15 89	125	102¾	103¼	0	+0⅜	14.22
GMAC O/S Fin. 15 87	100	103½	104	−0⅛	+0⅞	13.78
Gulf Canada Ltd 14¼ 92	100	102⅞	103⅜	+0⅛	+0⅛	14.09
Gulf Oil 14¼ 94	175	102½	103	0	+0⅛	13.72
Gulf Oil Fin. 0.0 92	300	31⅞	32⅜	+0⅛	+1⅜	12.80
Manitoba Prov. 13¾ 89	100	101⅛	101⅝	—	—	13.43
New Brunswick 15¼ 87	75	104⅝	105⅛	−0⅛	+0⅜	13.77
New Brunswick 16¼ 89	75	106½	107	0	+1½	14.50
Nova Scotia Pr. 15¼ 89	75	103⅞	104⅜	−0⅛	+0⅛	14.24
Ontario Hydro 14¼ 89	150	105	105½	−0⅛	+0⅛	13.45
Ontario Hydro 15 92	150	105⅝	106⅛	+0⅛	+0⅞	13.85
Pac. Gas & El. 15½ 89	45	104⅝	105⅛	+0⅛	+1	14.21
Phillips Petrol 14 89	200	102⅛	102⅝	0	+0⅛	13.33
Saskatchewan P. 15 92	150	104⅛	104⅝	0	+1⅜	14.13
Shell Canada 14¼ 92	125	101¾	102¼	0	+0⅛	13.94
Superior O/S Fin. 14 89	125	102½	103	0	+0⅜	13.31
Swed. Exp. Cr. 15¼ 89	100	102½	103	−0⅛	+0⅛	14.50
Swed. Exp. Cr. 14¼ 90	100	99⅞	100⅜	−0⅛	+0⅛	14.67
Swed. Exp. Cr. 0.0 94	200	22⅛	22⅝	+0⅛	+1⅜	13.97
Texas Eastern 15½ 89	60	102¼	102¾	0	+0⅜	12.07
Union Carbide 14¼ 89	150	103½	104	0	+1⅜	13.79
Wells Fargo Int. 15 87	75	101⅝	102⅛	0	+0⅜	14.32
World Bank 14¼ 97	500	102	102½	−0⅛	+0½	13.50
World Bank 12 87	250	104⅛	104⅝	−0⅛	+1	13.67
World Bank 15 89	150	104½	105	−0⅛	+0⅜	13.73
Xerox Fin. 14 87 WW	100	102⅜	102⅞	−0⅛	+0⅛	13.21

Average price changes... On day 0 on week +0½

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asn. D. B. 9¼ 92 (Apr)	150	99⅛	99⅝	−0⅛	0	9.34
Asn. D. B. 9¼ 92 (Aug)	150	98⅞	99⅜	−0⅛	−0⅛	9.38
Austria 8½ 92	100	97⅜	97⅞	+0⅛	+0⅛	8.76
Barclays 8½ 92	100	97	97½	−0⅛	+0⅜	8.75
Black and Decker 9¼ 89	100	102	102½	0	+0⅛	8.67
Bowater Int. Fin. 8½ 89	50	95⅞	96⅜	−0⅛	−0⅛	9.31
Caisse Nat. Tele. 9½ 92	100	101½	102	+0⅛	+0⅛	9.21
Canada 8½ 89	200	102⅝	103⅛	−0⅛	−0⅛	7.91
Cred. Foncier 8½ 92	100	97⅝	98⅛	−0⅛	+0⅛	9.08
EIB 8¼ 92	100	97⅞	98⅜	−0⅛	+0⅛	8.64
Int. Am. Dev. Bk. 9 93	150	98⅞	99⅜	−0⅛	+0⅛	9.13
ITT Antilles 9¼ 92	100	102⅛	102⅝	−0⅛	+0⅛	8.88
Nacnl. Financiera 11 90	150	83	84½	−0⅛	+0⅛	14.70
Norsk Hydro 8½ 92	100	102⅛	102⅝	+0⅛	+1½	8.13
Norsk Hydro 9 92	100	103⅜	103⅞	+0⅛	+0⅛	8.44
OKB 8⅞ 89	100	99⅝	100⅛	−0⅛	+0⅛	8.89
OKB 9 89	75	99	99½	−0⅛	+0⅛	9.14
Philips Lamps 8½ 92	100	101	101½	−0⅛	−0½	8.30
Philip Morris 8¼ 90	100	102	102½	+0⅛	+0½	7.83
Renfe 10 92	100	99⅝	100⅛	−0⅛	0	10.00
SNCF 8¾ 92	100	98½	98⅞	−0⅛	+0⅛	8.85
Tenneco Int. 9 92	100	100⅜	100⅞	−0⅛	+0⅛	8.91
World Bank 8½ 92	200	99	99½	−0⅛	+0⅛	8.60
World Bank 9 92	200	100⅞	101⅜	−0⅛	+0⅛	8.84

Average price changes... On day −0⅛ on week +0⅛

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev. Bank 7 92	100	100	100½	+0⅛	+0⅛	6.87
Austrian Elec. 6¾ 92	100	100¼	100½	0	−0⅛	6.70
BNP 6¾ 92	100	98⅛	98⅝	−0⅛	−0⅛	6.92
Eldorado Nuclear 6½ 92	100	103¾	104¼	+0⅛	+0⅛	5.95
Elec. de France 6⅞ 92	100	102	102½	+0⅛	+0⅛	6.58
Elec. Power Dev. 6½ 92	100	103½	104	0	+0⅛	5.97
Ind. Fund Finland 6¾ 92	30	100	100½	−0⅛	−0⅛	2.73
Japan Dev. Bank 0 94	100	101⅛	101⅝	0	0	5.82
Kansai El. Power 6¾ 92	100	102½	103	−0⅛	+0⅛	6.34
Koa Oil Co. 7 92	75	103	103½	0	+0½	9.56
Lonrho Int. Fid. 7½ 92	80	93¼	93¾	+0⅛	−0⅛	8.52
Mont Blanc Tun. 7¾ 92	70	103	103½	+0⅛	0	6.68
Nafinsa 8¼ 92	80	74¼	74¾	+0½	+1	12.97
Natomas O/S F. 7½ 90	75	103¼	103¾	+0⅛	+0½	7.01
New Zealand 6 92	100	102½	103	0	+0⅛	8.60
Nippon Tel & T. 6½ 92	100	104¼	104¾	−0⅛	+1	5.88
NYK 6¾ 92	100	†99½	99¾	−0⅛	+0⅛	5.90
OKB 7¼ 92	100	102⅞	103⅛	−0⅛	+0⅛	6.82
Quebec Hydro 6¾ 92	100	107⅜	107⅞	+0⅛	+0⅛	6.11
Renfe 7¾ 92	80	97	97½	+0⅛	+0⅛	8.15
Sumitomo Metal 6¼ 92	100	99⅝	99⅝	0	0	6.82
Svenska Handels. 6¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 6¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Swed. Exp. Cred. 7½ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tiroler Wasser. 6¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
TNT O/S Fin. 6¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 6¾ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
EIB 8¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Int.-Amer. Dev. 8¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Japan Airlines 7¾ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
New Zealand 8¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
World Bank 8¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day [illegible] on week [illegible]

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 16 89 C$	100	†107	107½	+0⅛	+3⅛	14.28
Br. Col. Tel. 17¼ 89 C$	50	†106	106½	+0⅛	+2⅛	15.54
Can. Utilities 17 87 C$	35	†107	107½	+0⅛	+1⅛	14.78
Gaz Metro. 17¼ 90 C$	20	†102⅞	103⅜	0	+0⅜	19.53
OKB 16¼ 89 C$	63	†106	106½	+0½	+2⅛	14.51
Q. Hyd. 16½ 89 (M) C$	50	†105⅝	106⅛	−0⅛	+1⅜	15.01
Univ. Queb. 16¼ 87 C$	17	†101	102	0	+1	16.08
U. Bk. Nwy. 9½ 90 EUA	19	95⅞	96⅜	−0⅛	−0⅛	10.32
Amro Bk. 10 87 (M) Fl	150	100½	101	−0⅛	0	9.76
Amro Bk. 10 87 (A) Fl	75	100½	101	0	0	9.79
Bk. Mees & H. 10 87 Fl	75	99	99½	0	0	10.18
EIB 10 87 Fl	75	99	99½	−0⅛	−0⅛	10.19
Ireland 10½ 87 Fl	75	99	99½	−0⅛	−0⅛	10.70
OKB 10½ 87 Fl	75	100⅛	100⅝	+0⅛	−0⅛	10.35
OKB 14 86 FFr	400	92⅞	93⅞	−0⅛	−0⅛	18.61
Solvay et C. 14¾ 86 FFr	200	94⅞	95⅞	0	+0⅛	16.81
Beneficial 14¼ 90 £ (D)	20	93⅞	94⅝	−0⅛	+0⅜	15.53
BFCE 14½ 87 £	30	105⅞	106⅝	0	+0⅛	12.92
BNP 13½ 91 £	15	101½	102⅛	0	+0⅛	13.06
CECA 13½ 89 £	20	103⅞	104⅞	−0⅛	+0⅛	12.42
Fin. Ex. Cred. 13¾ 86 £	15	101⅞	102⅝	0	+0⅛	12.84
Gen. Elec. Co. 12½ 89 £	50	102⅞	103⅜	−0⅛	+0⅛	11.82
Hiram Walker 14¼ 86 £	25	102⅛	103⅞	−0⅛	+0⅛	13.20
Norsk Hydro 14½ 87 £	30	106⅝	106⅝	−0⅛	+0⅜	12.63
Privatbanken 14½ 88 £	12	98⅞	100⅝	+0⅛	+1⅜	14.50
Quebec 15½ 87 £	35	106⅝	107⅝	+0⅛	+1½	13.30
Quebec Prov. 14½ 89 £	30	102⅞	103⅜	−0⅛	+1⅛	13.72
Reed (Nd) NV 16¼ 89 £	25	107⅞	108⅞	0	+0⅛	14.59
Royal Trustco 14 86 £	12	102⅛	103⅛	0	+0⅛	12.83
SOR France 15½ 92 £	30	105⅞	106⅞	0	+0⅜	14.18
Swed. Ex. Cr. 13¼ 86 £	20	102⅞	103⅜	−0⅛	+0⅛	12.80
Tenneco Int. 14¼ 87 £	30	102	103	+0⅛	+1⅛	13.97
Coun. Eur. 12½ 92 LuxFr	500	105⅞	106⅞	−0⅛	−0⅛	11.48
Eurofima 10¼ 87 LuxFr	500	98⅝	99⅝	−0⅛	−0⅛	10.72

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
Allied Irish 5¼ 92	0¼	98	98½	15/10	15.69	15.97
Bk. of Tokyo 5¼ 91 (D)	0¼	99⅝	100⅛	8/12	15¼	16.25
Bk. Nova Scotia 5¼ 93	0¼	98½	98	29/10	15½	15.32
BFCE 5¼ 88	0¼	99⅛	99⅝	28/10	15	15.08
BFCE 5¼ 87	0¼	99⅝	100⅛	27/1	14	14.02
Caisse Nat. Tele. 5¼ 90	0¼	99¼	99¾	21/10	15⅛	15.83
CCCE 5¼ 2002	0¼	98⅛	98⅝	11/12	15⅛	15.63
CEPME 5¼ 92	0¼	99⅞	100⅜	10/12	15.44	15.42
Chemical NY 5¼ 94	‡0⅛	98⅝	99⅛	23/12	12⅛	12.50
Credit Agricole 5¼ 87	0¼	99⅛	99⅞	24/3	12⅞	12.92
Credit du Nord 5¼ 92	0¼	99⅝	100⅛	23/12	10.81	10.81
Credit Lyonnais 5¼ 87	0¼	99⅛	99⅝	1/10	10	15.08
Credit Lyonnais 5¼ 94	0¼	100⅛	100⅝	1/1	12.94	15.85
Credit Nat. 5¼ 94	‡0⅛	98⅝	99⅛	9/3	12.13	12.32
Ireland 5¼ 89/94	0¼	†98	98½	25/11	14⅛	15.01
Kansallis Osake 5½ 92	0¼	99⅝	100⅛	0/11	15.31	15.33
Lloyds Eurofin 5¼ 93	§0⅛	99½	99⅞	29/10	17⅛	17.19
Long Term Cred. 5¼ 92	0¼	99⅛	99⅝	29/11	14⅝	14.70
J. P. Morgan 5¼ 87	§0⅛	99½	99⅞	12/11	12.94	13.02
Nat. West. Fin. 5¼ 91	§0⅛	100	100½	15/1	15⅛	15.21
New Zealand 5¼ 87	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Nippon Credit 5¼ 90	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Offshore Mining 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
PKbanken 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Scotland Int. 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sec. Pacific 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Societe Generale 5¼ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Standard Chart. 5¼ 91	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sweden 5¼ 89	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Toronto Dom'n 5¼ 92	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Average price changes... On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.19
Bow Valley Inv. 8 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	45.03
Bridgestone Tire 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.28
Canon 6¾ 95	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	9.65
Canon 7 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	6.10
Chugai Pharm. 7¾ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	5.24
Fujitsu Fanac 4¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	26.80
Furukawa Elec. 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.89
Hitachi Cable 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.43
Hitachi Cred. Cpn. 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	17.74
Honda Motor 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.15
Kawasaki 5½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27.89
Marui 6 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	8.00
Minolta Camera 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	27.86
Minorca 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	2.12
Murata 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.40
NKK 6½ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	28.33
Nippon Electric 5½ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	19.36
Orient Finance 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	15.88
Sanyo Electric 5 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.84
Sumitomo Elec. 5¼ 97	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	4.69
Sumitomo Met. 5¼ 96	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	59.10
Minebea 6½ 97 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	−0.71
Konishiroku 6 98 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	14.50
Mitsubishi H. 6 89 DM	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	38.12

* No information available—previous day's price.

† Only one market maker supplied a price.

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C.dte=Date next coupon becomes effective. Spread=Margin above six-month offered rate (‡ three-month; § above mean rate) for U.S. dollars. C.cpn=The current coupon. C.yld=The current yield.

Convertible Bonds: Denominated in dollars unless otherwise indicated. Chg. day=Change on day. Cnv. date=First date for conversion into shares. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

Financial breathing space for Wienerwald

By Our Financial Staff

WIENERWALD, the financially troubled Swiss restaurant chain, will be able to continue operating under a court decision that gives it time to work out a deal with its creditors.

A Swiss Cantonal court in Schwyz has agreed to give Wienerwald a breathing space until January 15 during which it does not have to pay any interest or principal on its debts.

Wienerwald, which operates more than 1,500 outlets in Europe, the Caribbean, South America, Japan, the Philippines and the U.S., where it owns the Lums and International House of Pancakes chains, owes an estimated DM 260m ($103m) to West German and Swiss banks.

It sought protection from the courts after a deht agreement broke down earlier this year and some hanks started trying to seize its property.

Total hits at government policies as losses mount

BY DAVID MARSH IN PARIS

ANOTHER strong attack on the French Government's petrol pricing policies has been launched by the Compagnie Francaise des Petroles (the Total group), which has announced a worsening of its losses on refining activities this year.

M Armand Guilbaud, president of Compagnie Francaise de Raffinage, the refining division of CFP, told journalists that his company's results in the first half of 1982 were worse than the average loss during 1981, when for the whole year CFR suffered a deficit of FFr 1.2bn ($169m).

He was speaking during a ceremony at the new catalytic cracker at CFR's Dunkirk refinery, which is designed to increase the proportion of light fuel products compared with heavy oils in overall refinery output.

M Guilbaud criticised the Government's decision to delay until the end of the current four-month price freeze full implementation of the new petrol pricing formula worked out in May.

Oil companies were being prevented from passing on to consumers price rises caused by the strength of the dollar against the franc, he said.

Non-implementation of the formula had caused CFR an extra FFr 500m in losses so far, M Guilbaud added. This was equivalent to half the cost of the FFr 1bn cracker at Dunkirk.

The Total group is the latest of French refiners to announce deteriorating financial performances. M Guilbaud said it was "vital" that the pricing formula should be fully implemented when the price freeze ends in November to put the refining industry back on its feet.

As part of an agreement with CFR to combat over-production of heavy oil products, the French BP group—which last week announced a FFr 408m loss for the first half of 1982—is closing most of its Dunkirk refinery by the end of the year.

M Guilbaud said the new Dunkirk cracker would allow an increase of nearly 47 per cent in petrol-production at the refinery. Production of heavy fuel oils would be reduced by about 36 per cent.

As a sign of the structural problems facing the refining industry, total French consumption of oil products had fallen from 105m tonnes in 1978 to an expected 85m tonnes this year.

Four years ago, 68 per cent of consumption represented light products such as petrol. This year, the proportion had risen to 74 per cent, with a corresponding severe contraction at the heavy end of the market.

Sulzer buys weaving machinery maker

By John Wicks in Zurich

SULZER BROTHERS, the Swiss engineering group, is to acquire Maschinenfabrik Rueti from Georg Fischer.

According to press reports the deal provides for a cash payment of around SwFr 30m ($13.8m) and the absorption of a loan of about SwFr 20m made to Rueti by Fischer. It is also claimed that Fischer will over a period of years receive licence payments for Rueti technology.

The acquisition of Rueti's will mean a substantial expansion of Sulzer Brothers' weaving machinery activities. Rueti, a pioneer of airjet looms, has sales of nearly SwFr 250m. The weaving machines operations of Sulzer's textile-machinery division last year booked sales of SwFr 822m.

According to a joint communique, Sulzer sees the acquisition as extending its product range and enabling an expansion of Rueti's activities, particularly airjet looms. Georg Fischer is to concentrate its efforts on machine tools, process engineering and plant construction.

Rueti is suffering from the current recession in the scrapped 300 jobs at the end of 1981 more than half of the remaining 1,692 employees are on short time. However, Rueti recently received a SwFr 50m order from the U.S.

Last month, Sulzer announced the introduction of widespread short-time working.

Schindler sees slight increase

By Our Zurich Correspondent

SCHINDLER, the Swiss lifts and escalator group, expects profits for this year to show a slight increase over the SwFr 30.9m of 1981.

Billings in the first half of 1982 rose by 14 per cent to SwFr 806m, according to the interim report, and are expected to rise further during the remainder of the year. However, total new order value dropped by 8 per cent in January-June to SwFr 860m, due mainly to unfavourable exchange-rate developments. At mid-year orders on hand were still 3.6 per cent above the level of a year earlier.

Schindler also announces the takeover of two further companies abroad. It bought the British manufacturer O & K Lifts from the German Orenstein & Koppel group. This company, which is to revert to its former name of Keighley Lifts, will, together with a Schindler subsidiary in Cheltenham, take up a position on the UK market second only to Otis.

Apart from the Keighley company, which has sales equal to some SwFr 40m annually, the Swiss group has acquired Armor Elevator Canada, a company with annual turnover of C$20m.

Telerate

In an article on September 24 it was stated that Telerate operates the most widely used computerised information service covering U.S. government securities, money market instruments and foreign exchange. This refers to North America only and Reuter has asked us to point out that its Reuter Monitor service is the most widely used worldwide, with 20,000 terminals.

Spanish chemicals group seeks extension of debt

BY ROBERT GRAHAM IN MADRID

UNION Explosivos Rio Tinto, the largest stock market-listed industrial company in Spain, is seeking negotiations with its bankers on extending debt repayment periods.

ERT, a major chemicals producer, owes almost $1bn to some 80 foreign and 50 Spanish banks. It has asked Lehman Brothers and Kuhn Loeb, the U.S. investment bank, to handle the negotiations.

This is the first time that a large Spanish company has taken such a step. The alternative, temporary receivership, is ruled out because of the negative impact on Spain's international credit rating.

Foreign banks, mostly U.S., British, German and Belgium, account for just over half of ERT's debts. Six Spanish banks—Banesto, Bilbao, Central, Exterior, Hispano and Urquijo—are together owed $246m.

ERT, with sales of Pta 165bn ($1.6bn) has been holding inconclusive talks with the Government for more than a year in an attempt both to restructure debts and rationalise activities.

The group has been hit by foreign exchange losses on international borrowings and by a slump in fertiliser sales. It also has almost Pta 20bn tied up in real estate.

The group is expected to incur a loss of Pta 5bn this year and record a cash-flow of zero. Financial charges are projected to cost Pta 20bn, mostly servicing short-term debt which comprises more than one-third of total borrowings.

Matters at ERT came to a head early this month when efforts to put together a loan facility with international bankers fell through. The company found itself obliged to pay cash for a $25m cargo of naphtha and this almost exhausted its liquidity.

Highly placed bankers linked to ERT insisted that the group would continue to pay interest on all debt and that the moratorium on principal had yet to be fixed but would probably be for six months. An immedi solution is impossible becn of the political vacuum creat by the run-up to next mont Spanish national elections.

ERT needs a refinanc package in addition to long term aid for debt restructuri and assistance in hiving some activities.

ERT's predicament coinci with news that last week t aluminium producer, Alum Espanol, in which the st holding company, INI, has stake, had failed to make a $ quarterly interest payment $200m international lo This is the first time this h happened with an INI compa and results from disputes w foreign shareholders over restructuring plan.

At the same time, the Spani banking community is expre ing growing concern over Ba Catalana. Two weeks ago t Bank of Spain imposed sweepi board changes at the Catal group.

BSN continues rapid growth

BY DAVID WHITE IN PARIS

BSN — Gervais Danone, the French food-processing group, kept its rate of profit growth going at more than 30 per cent in the first half of this year.

Interim results showed consolidated earnings of FFr 339m ($48m) compared with FFr 258m in the first six months of 1981. Group sales rose to FFr 10bn from FFr 9.2bn.

The profit figure does not include capital gains from the sale of BSN's French flat glass subsidiary, Boussois, completed in April.

The FFr 95m sale to PPG Industries of the U.S. means that BSN is henceforth virtually out of the flat glass industry, where it was still doing 30 per cent of its business three years ago.

It earlier sold its West German subsidiary, Flachglas, to Pilkington of the UK, and its Belgian and Dutch units Glaverbel and De Maas, to Asahi of Japan, compensati for the loss in turnover by expansion in the food sector.

Its drinks division, including breweries, provided the large source of profit in the ha year, with earnings rising FFr 130m from FFr 105m, sales rising by more than per cent.

Poclain suffers severe reverse

BY OUR PARIS STAFF

POCLAIN, the French construction equipment manufacturer, 40 per cent owned by Tenneco of the U.S., reports a severe deterioration in 1982 results, plunging into a net group loss of FFr 109.6m ($15.4m) in the first half.

The loss—which compares with a profit of FFr 38.5m in the same period last year—was caused by a combination of unfavourable factors. These were: the steep recession in the international construction industry, the cost of an early retirement plan for employees, and exchange rate losses caused by the decline of the French franc and the Mexican peso.

Group operating results for the six months showed a less steep loss of FFr 45.7m, compared with FFr 55.7m profits in the same period of 1981.

Six-month net sales for the Poclain group—of which the parent company accounts for about 75 per cent—rose only to FFr 1.58bn from FFr 1.56bn.

The company said that operating losses resulted both from lower sales volume and from the need to cut prices to preserve market shares in the fa of "wild" competition.

Over the last two years says the world market for speciality—hydraulic excavat —has dropped by 20 per ce The company is putting in effect a restructuring pl which should allow it to arri back at break-even point ne year.

However, it says no signi cant pick-up in the constructi equipment market is expe before the end of 1983.

Foreign currency lending boosts Comit advances

BY OUR FINANCIAL STAFF

BANCA Commerciale Italiana (Comit), one of Italy's largest public-sector banks, reports net profits of L21.1bn ($14.9m) for the first half of 1982.

Deposits rose by 0.25 per cent overall to L34,558bn in the six months from L34,470bn in the first half of 1981. Lira-denominated deposits were down 8.32 per cent, while deposits in other currencies were up 9.74 per cent.

Advances totalled L28,430bn, up 5.16 per cent. The increase was dne to the offsetting of a 2.44 per cent decline in lira-denominated loans hy a 10.66 per cent rise in loans denominated in other currencies.

The bank said its holdings of fixed-interest securities fell by 7.08 per cent in the half-year. The value of its equity holdings rose by L7.2bn, while the valne of property holdings improved by L2.9hn.

Lepetit first half turnover rises by 22%

By Our Financial Staff

GRUPPO LEPETIT, the Itali chemical and pharmaceutica group, reports first-half sales L120.3bn ($85m), up 22.1 p cent from the L98.5bn of a yea earlier.

First-half exports rose by 30 per cent to L65.2bn, whi domestic sales rose by 14.2 p cent to L55.4bn. Exports a counted for 54.3 per cent total revenue, against 50.7 p cent in the first six months 1981.

Lepetit also reports that pla production was up 9 per ce on the first half of 198 because of improved efficienc Research and developmen expenditure reached L17.5b up from L14.6bn.

Because of acquisitions an disposals the company says i first-half results are not strict comparable to 1981.

Weeks cuts stake in Alliance Oil

WEEKS PETROLEUM, the U.S.-run oil exploration company and its 51 per cent-owned subsidiary, Weeks Australia, have sold 7.5m shares in Alliance Oil Development, the Australian oil company at A$1.35 per share, or a total of A$10.12m (U.S.$9.7m)

The sale, last Tuesday, reduced Weeks Petroleum's holding in Alliance to 3.74m shares, or 3.2 per cent and Weeks Australia's holding to approximately 14.7m shares, or 12.6 per cent.

The proceeds will be used to further both Weeks' companies' oil and gas exploration programmes.

هكذا من الأصل

Dunlop Olympic earnings show 35% advance

BY MICHAEL THOMPSON-NOEL IN SYDNEY

DUNLOP OLYMPIC, one of Australia's largest manufacturing groups scored a 35.3 per cent improvement in net profit in the year to June 30, from A$39.6m to a record A$53.3m (U.S.$51.2m). The result was aided by the inclusion for the first time of Olex Cables as a wholly owned subsidiary which contributed A$15.5m in net profit.

Previously, Dunlop Olympic had owned 50 per cent of Olex, and its profits contribution to the parent last year was A$6.2m. The acquisition of the additional shares cost the group A$56m in 1981-82.

The annual dividend is being raised from 8 cents a share to 9 cents, with a final of 5 cents per share. Earnings per share were 20.8 cents, against 20.2 cents previously.

Sales and profit margins in the company's footwear, clothing, textiles, and rubber and general products divisions were all higher, though the sporting goods side had been hit.

Turnover rose by 17.2 per cent, to A$1.3bn. Interest payments rose from A$12.48m to A$19.1m, because of an increase of A$51m in borrowings during the year to finance acquisitions.

● Caltex Australia, one of the country's major oil refiners and marketers, has reported a loss for the first half ended June of A$5.4m despite a 27 per cent rise in sales to A$908m.

The company, which is a subsidiary of Caltex of the U.S. and which took an Australian stock market listing last year, said: "There has been sustained severe discounting in the Australian market with a consequential loss of revenues. Low prices span the spectrum of all products. The company has lost some market share in the two key products — petrol and distillate — in an effort to improve profit margins by seeking to sell at prices more in keeping with those approved by the respective pricing authorities."

At its annual meeting in April, Caltex said it was expecting to improve on the A$21m net profit it reported in 1981 which was down sharply from the A$52m of a year earlier.

Report on Australian share fees

BY OUR SYDNEY CORRESPONDENT

MOVES to liberalise the Australian stockbroking industry gathered pace yesterday with the publication of final recommendations by the Trade Practices Commission. However, it may be three years before Australia sees de-regulated broker-age rates.

Yesterday, after heeding the views of the smaller stock exchanges in Adelaide, Perth, Brisbane and Hobart, the TPC recommended that brokerage rates above A$100,000 (U.S.$95,000) be de-regulated by April, 1984 and that rates below that threshold be de-regulated by October, 1985.

The commission has also recommended a phasing-in period of 18 months, instead of 12, for the abolition of barriers to entry to the stockbroking industry.

Mr Ian Roach, chairman of the Australian Associated Stock Exchanges, criticised the TPC's recommendations. "The AASE," he said, "is disappointed at the apparent unwillingness or inability of the TPC to accept the arguments of its constituent stock exchanges on questions associated with the impact of unfixed rates."

Earlier the AASE had argued that negotiated rates would mean that large institutions dictated to broking firms the rates they were prepared to pay. However, it has been observed that the vast majority of share transactions in Australia involve orders below A$50,000 (US$48,000).

Downturn for Pan-Electric Industries

By Our Financial Staff

PAN-ELECTRIC Industries, the Singapore-based electronics and marine services group, has suffered an 84 per cent fall in group pre-tax profits for the six months ended June to S$1.3m (US$ 600,000).

The setback was attributed to a "substantial reduction" in salvage revenue coupled with the increased costs in operating the salvage fleet.

Group operating profits were almost halved to S$7.1m from S$13.7m a year earlier.

For all of last year, group pre-tax profits rose 48 per cent to S$13.38m, with marine services such as salvage, shipbuilding and repairing, towage and charter services providing the bulk of the profits.

The group is also active in real estate, aviation services, airfreighting, electrical contracting and kitchen systems.

Yamaichi establishes new investment advice arm

BY RICHARD C. HANSON IN TOKYO

YAMAICHI Securities, one of Japan's big four stockbrokers, will concentrate its investment consultancy services for overseas institutional investors in a new subsidiary, Yamaichi International Capital Management Company which was established yesterday in Tokyo.

The new subsidiary, owned 70 per cent by the research arm of the Yamaichi group, will consolidate the operations of a New York-based subsidiary, involved since 1981 in advising U.S. institutional investors, and the parent company's investment advisory department in Tokyo.

Yamaichi plans to bring under one roof its advisory service for U.S. clients and those elsewhere in the world, mainly the Middle East. The two functions had been separated because of legal requirements in the U.S. Yamaichi's strongest point, outside of the home market, will be in advising on Southeast Asian markets.

● Nomura Research Institute has revised downwards its Japanese corporate profit forecast for the six months ending September following the yen's depreciation, a fall in exports, and slow recovery in domestic demand, Reuter reports from Tokyo.

Pre-tax profits of 372 major Japanese companies listed on the Tokyo Stock Exchange are now forecast to fall by an average 24.2 per cent from the preceding six months, compared with a 15.7 per cent fall predicted last June, the affiliate of Nomura Securities said.

It revised upwards, however, its corporate sales forecast to a 1.2 per cent decline from a 1.5 per cent fall predicted in June.

First-half setback at Hanil Bank

BY ANN CHARTERS IN SEOUL

HANIL BANK, Korea's third largest commercial bank in terms of total assets, had lower than expected profits in the first half ended June because of a sharp drop in government-controlled interest rates. Net income was US$6.8m but the second-half profit should be better if the Government takes expected measures to improve the commercial banks' situation. Full-year earnings would still, however, be lower than 1981's $30m.

Pre-tax income for the first six months was $14.4m compared to $46m for all of 1981. Total assets at the end of June were up slightly in won terms over the end-1981 figure, due to increases in acceptances and guarantees. But in dollar terms assets fell to $8.4bn from $8.6bn.

Hanil Bank has been in the private sector since last year when the Government sold its equity share. One of the principal owners is the Daelim group whose leading company, Daelim Industrial, has been active for many years in Middle East construction. Another major shareholder is Kukil Securities which belongs to the Hyundai group.

● The Korean Government's sale of its 23.9 per cent equity stake in the Korean First Bank has been completed after a second round of bidding. Gold Star Company, a member of the Lucky Group, obtained 5 per cent of the bank's equity and Inchon Iron and Steel Company, a member of the Hyundai Group, also bought 5 per cent.

The Daewoo Group emerged with the largest portion of the bank's share at 13.85 per cent, although Daewoo companies did not participate in the second bidding. Kim Woo-Choong, chairman of the Daewoo Group purchased 4.87 per cent in the first round for his own account.

The Daehan Kyoyuk Life Insurance Company still has its stake of 8.57 per cent and not having participated in either round of bidding. The Hyundai Group, with the stake acquired by Inchon Steel, now holds 7.34 per cent. The Korea First Bank is the country's fourth largest commercial bank in terms of assets which totalled $8.1bn at end-June.

Profits fall at MPH despite leap in turnover

By Wong Sulong in Kuala Lumpur

Disappointing results have been reported by multi-Purpose Holdings (MPH), the Malaysian Chinese conglomerate. Group pre-tax profits for the six months to June fell by 10 per cent to 7.4m ringgit ($3.1m). Turnover rose from 17m ringgit to 154m ringgit reflecting acquisitions made during the year, including Guthrie Trading and Dunlop Malaysian Estates.

The downturn in earnings is largely attributed to depressed commodity prices and difficult trading conditions.

Net attributable profits for the group, after tax, minority interests, and extraordinary items, were 2.55m ringgit, compared with 13.52m ringgit previously. Extraordinary gains came to 1.85m ringgit in 1981-82 compared with 10.46m ringgit last year.

No dividend has been declared. MPH directors said in their last annual report that the group was conserving its resources "for organic growth."

Tan Chong to improve after mid-way drop

By Our Kuala Lumpur Correspondent

TAN CHONG Motors, the distributor of Datsun cars in Malaysia and Singapore, has reported a 33 per cent drop in pre tax profits to 23.2m ringgit (U.S.$9.8m) for the half year ended June, but said trading conditions were improving.

Net profits were down by 28 per cent to 13.8m ringgit, but the interim dividend is maintained at five cents a share.

Sales figures showed a 14 per cent decline in the Malaysian market to 234m ringgit, reflecting the deepening recession in the country, and although sales in Singapore rose by 36 per cent, combined sales were still down four per cent to 329m ringgit.

The first half of the current year has shown a big improvement over the second half of 1981, when pre tax profits fell to only 13m ringgit. Tan Chong says that full year results should not be less than those of 1981, when a pre-tax profit totalled 47m ringgit.

Tin market depression hits DKH

By Our Kuala Lumpur Correspondent

DATUK KERAMAT Holdings (DKH) the Malaysian tin smelting group, has suffered a collapse in profits because of depressed conditions in the tin market, and predicts difficult times ahead.

For the six months to July, group operating profits fell by 47 per cent to 4.19m ringgit (US$1.8m) on turnover up by 8 per cent to 433m *ringgit*.

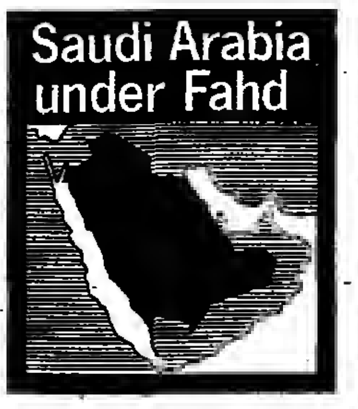
Net profits were 56 per cent lower at 1.9m ringgit, and the interim dividend is being cut from 40 cents to 20 cents.

Earnings for the full year are expected to be substantially lower than the 7.6m ringgit of 1981-82, which had already dropped sharply from the 17.4m ringgit for the year to January 1981.

DKH is a subsidiary of the West German metal and commodity trading group, Preussag.

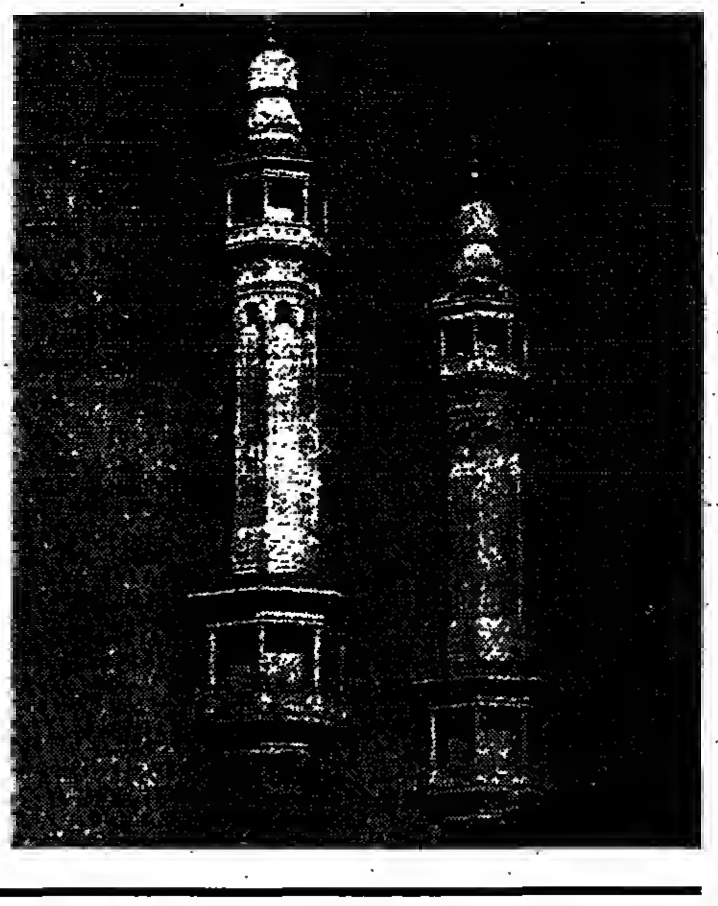
How the power of Islam is exercised

By Michael Field



This is the last of a series of articles on key aspects of Saudi Arabian society

The previous five appeared on August 12, September 9, 10, 17 and 21.



A MAJOR Saudi importer of Japanese cars recently brought a suit against a small merchant who was shipping bogus Japanese car parts from Taiwan and selling thom as the real thing.

The company had the support of the Ministry of Commerce and was able to produce much evidence which seemed to prove conclusively that the defendant knew perfectly well that his parts were inferior imitations.

The small merchant, however, maintained passionately that he had imported the parts in good faith, and he won the sympathy of the court.

Tho judge took the side of the traditional trador in his battle with the western-managed Saudi corporate giant; he chose to disregard the carefully prepared evidence of the corporation (much to the chagrin of its executives) and said that if the merchant would swear on tho Holy Koran that ho thought tho parts were genuine, judgment would be given in his favour.

It is now some months since the judge made his statement and the morchant has still not sworn. All parties in the disputo are drawing tho appropriato conclusions.

All aspects of Saudi life revolve around Islamic principles. Sometimes this is made obvious to Westerners. The title page of the Third Plan and the test pattern on the television contain the phrase *Bismillah ar Rahman ar Rahime* (In the name of God the Merciful the Compassionate): operating instruction number 7 in the lifts of the Royal Commission for Jubail and Yanbu roads: "Do not use tho lift if fire should break out in tho building, which God forbid."

Much more often the influence of Islam remains out of sight, until such people as the executives of the Japanese car importer suddenly discover that faith is more important to the people with whom they are dealing than solid technical evidence.

In this society it goes without saying that the leaders of the religious establishment are extremely powerful. The Saudi state was first established by Mohammad bin Saud, a tribal leader, and Mohammad bin Abdel-Wahab, an austere revivalist teacher, in the mid-18th century, for the purpose of propagating the pure Muslim creed.

The descendants of these men still run the Kingdom today. The successors of Mohammad bin Saud are the members of the royal family and the successors of the teacher (the shaikh) are the Al as-Shaikh (the family of the shaikh).

The Al as-Shaikh hold several ministerial posts, are closely linked to the royal family by marriage in every generation, and used to provide the Grand Mufti, the leader of the Saudi clergy.

It follows from the original bond between Mohammad bin Saud and Mohammad bin Abdel-Wahab that the religious establishment as a whole is a partner with the Al Saud in the Wahabi state.

In Sunni Islam there is no official ordained religious hierarchy endowed with spiritual authority; the leaders of the establishment should be those most fitted to lead — those whom the people look to for leadership.

In practice, in Saudi Arabia the religious leadership is constructed along more formal lines.

A teenager who decides that he wants a religious career begins by going to a Shariah college (the Shariah being the holy law, based on the Koran and tho sayings of the Prophet Mohammad — the *Hadith*).

When the student graduates he chooses either to become a teacher or a lawyer. These are the two professions into which, broadly speaking, the well educated members of the religious establishment are divided.

There are also *imams* and *muezzins*, who, respectively, lead the prayers in the mosques and call the people to prayer from the minarets — but neither of these professions requires the learning of teachers and lawyers.

Those graduates of the Shariah colleges who decide to teach are sent to schools and universities; the lawyers go to the Higher Institute for the *Qada* (the judiciary) in Riyadh to obtain a formal legal training. Once they have been awarded their MAs or PhDs by the Higher Institute the lawyers go to work for *qadis* (judges); and after a time they are appointed junior *qadis* themselves. These appointments, and promotions to the more senior ranks of the *qada* are made by the Ministry of Justice, headed by Ibrahim bin Mohammad bin Ibrahim Al as-Shaikh.

A distinguished teacher or *qadi* may come to be accepted as an *'alim*. This is not in any sense an official post or a titlo; an *'alim* is simply a man who is regarded as a leader of the community by virtue of his knowledge of the Koran and the *Hadith*, his first class command of Arabic, which enables him to understand the holy books, and the contribution he has made to religious learning.

An *'alim* is a highly respected person. The great preachers are regarded as *'alim*—though most of the sermons (*khutba*) in Saudi Arabia on Fridays are given by well educated teachers or *qadis*.

At the very top of the Saudi religious establishment (which is referred to collectively as the *ulema*, after the plural of *'alim*) there used to be a Grand Mufti, Shaikh Mohammad bin Ibrahim Al as-Shaikh. However, when Shaikh Mohammad died in 1969 King Faisal decided that he did not want to have only one man as leader of the *ulema*. This was mainly because he did not want to appoint to the post the widely respected Sheikh Abdel-Aziz bin Baz, who had recently issued a ruling that the earth was flat.

The place of the Grand Mufti has therefore been taken, informally, by the Higher Council of the Qada which is not to be confused with the Higher Institute.

The Council, headed by Shaikh Abdullah Humaid, acts as a Supreme Court. It supervises the ordinary Shariah courts beneath it.

There is a widespread feeling in Saudi Arabia at present that the leaders of the religious establishment—especially those *ulema* of the Nejd who are closest to the Government—are backward looking.

It is often said that the Islamic University at Medina produces graduates who are versed in nothing but the Koran and Hadith, whereas good Muslims should have a sound knowledge of science in keeping with their culture's contribution to scientific advancement in the days of the Abbasid Caliphate.

There is much justice in these criticisms. Tho *ulemo* once objected to the wearing of black shoes on tho grounds that the traditional colours for Muslim footwear wero red and yellow.

Recently, they have accused Dr Ghazi Algosaibi, tho Ministor of Industry, of advocating the mixing of men and women who are not related to oach other, and have devoted great enorgies to a debate ovor whethor Saudi Arabia should celebrate tho birthday of the Prophet. (They say it should not.)

The *ulema* are attacked by both liberals and those associated with the movement for an "Islamic revival," who together account for a large proportion of tho Saudi middle classes.

These people say that the *ulemo* should be addressing themselves to the great issues of the day—corruption, the role of women—who are not allowed to work or drive cars—political freedom and the right of Muslims to participato in tho running of their countries.

They add that there is no reason why these subjects should not be dealt with in the Friday sermons.

The views of the critics may represent excellent Muslim theory, and they may have the sympathy of some of the livelier *ulema* of the Hijaz and possibly the Nejd; but they do not have tho slightest chance of finding a response among the senior Nejdi *ulema* who dominate the official establishment.

The Saud family and the *ulema*, being partners in the state, conduct a continual logue. The Sauds are concer mainly with secular matters have tended to argue in fav of change; the *ulema* h resisted. Occasionally the p ners have had serious con tations. Most conspicuously *ulema* quarreled with K Abdel-Aziz (1902-53) and K Feisal (1964-75) over the in duction of the wireless, t vision and girls' education. two monarchs were both devout and deeply learned religious matters and were to win their arguments.

What is significant from point of view of the Sa middle class critics is that *ulema* and tho Sauds have ne disagreed over the issues the critics think are importa

Since the accession of K Khaled in 1975 there has b harmony in the relations of Sauds and the *ulema*. Kha met the leading *ulema* ev Monday evening, a prac which King Fahd will pres ably continue. Khaled devout, conservative seemed naturally to side the *ulema* on most issues.

King Fahd lacks the rep tion for piety which would necessary if he were to assured of success in a ba with the *ulema*.

He will certainly do all he can to avoid quarre with the *ulema*—though i conceivable that at some p in his reign he may have a frontation over tho role womon in tho Kingdom. family was reminded of highly conservative viows many of its subjects in provinces by the Mecca upri of 1979, and it foars that were to try to institute sc reforms tho *ulema* would r tho peoplo against it.

King Fahd will give wa the *ulema* on small matters try gently to persuado then support him on the impor issues. This was the techni which King Feisal ado during most of his reign. Am tho minor concessions that old King made to the *ulema* a ban on the salo of Christ trees.

In his *Eid al Fitr* speech July 23 at the end of Rama King Fahd explained Islam was the fount of all policies, and then added a f tough and secular soun appeal for support: ". . . follows," he said, "that t who believe in God a Muslim leaders and *ulema* duty bound to back us up..

Traders to stockpile rubber

RUBBER TRADERS in Malaysia have agreed to hold back 20 per cent of their normal monthly purchases from next month for stockpiling. The Federation of Rubber Trade Associations of Malaysia said this action was to help smallholders achieve their target of holding 78,000 tonnes of natural rubber from the market over a six month period.

The Association of Natural Rubber Producing Countries agreed last May to cut supply of rubber over a six-month period by $50,000 tonnes to help support low world prices.

● A FREE RANGE EGG was legally defined for the first time at Shrewsbury Crown Court as one from a hen with regular daytime access to land from which it obtained a significant proportion of its food from the natural sources provided by the land.

● WILD BATS in the UK are from today protected under the Wildlife and Countryside Act 1981 and the Nature Conservancy Council must be consulted before any action is taken which might harm or exclude them from their roosts, except in the living area of a house.

● ALCAN ALUMINIUM's West German subsidiary is to close its aluminium plant at Ludwigshaven because electricity prices at the plant have made production uncompetitive.

● HONG KONG Commodity Exchange trading volume in the first eight months of this year rose 150 per cent to 720,160 lots from 303,318 lots in the same period in 1981. The exchange's overall growth rate for 1982 is expected to be 70 per cent.

● JAPANESE rice harvest this year is expected to reach 10.73m tonnes, against 10.28m tonnes last year and a 26-year low of 9.75m tonnes in 1980, the Agriculture Ministry has said.

● WEST GERMAN offers of grain for intervention up to September 24 were 1.20m tonnes, 35 per cent more than the 887,800 tonnes offered at the same time last year, the West German Federal Agricultural Marketing Board said in Frankfurt. Offers of breadmaking wheat had risen sharply in the last week.

Base metals ease as gold falls

BY OUR COMMODITIES STAFF

BASE METALS on the London exchange eased yesterday as gold fell $15.5 to close at $412.5 per troy ounce. The only exception to this general trend was lead, which on reports of a 3,125 fall in stocks gained £1.25 per tonne on a the day.

Other stock figures from the LME showed a rising trend with copper up 1,800 tonnes to 141,400, zinc up 3,700 tonnes to 79,800 and aluminium up 4,175 tonnes to 219,175.

Tin stocks fell by 1,595 tonnes to 36,130 but the combination of this and some reported buying by the International Tin Council's buffer stock manager was not enough to prevent a fall on the day of £13.

The continuing weakness of copper prices, which fell back £12.50 yesterday, was underlined by the decision of Noranda mines to cut its producer price to 67 cents, from 70 cents, effective immediately.

Reuters adds that the International Tin Council (ITC), which meets today, seems likely this week to set export quotas for fourth quarter 1982 at 23,200 tonnes, unchanged from the third quarter.

The ITC will probably also decided to avoid the bunching of exports at the beginning of each quarter. This could be done by producing members issuing export certificates one month at a time. Malaysian officials have already announced plans to spread tin exports more evenly.

Australia and Thailand have said that they will seek higher export quota allocations but this is likely to meet with resistance from other producers.

The ITC buffer stock manager may suggest a 40 per cent cut for the fourth quarter but this is unlikely to be acceptable either to producers or consumers.

Latest ITC estimates indicate accumulated world tin oversupply during the last three years has risen to 75,000 tonnes.

The suffer stock manager held 49,385 tonnes of this amount at tha end of June, following purchases on the LME and in Penang.

Rain brings some help in Australian drought

BY MICHAEL THOMPSON-NOEL IN SYDNEY

GOOD FALLS of rain in the past 48 hours have pleased farmers in parts of Victoria and New South Wales but they have not broken the Australian drought, now in its 41st month.

Rain was still falling in sooth-east New South Wales late yesterday but was expected to clear overnight. However, it has revived crops and pastures in one of the most parched areas of the state, with good falls of 10mm to 50mm. In the stricken districts of Mallee, Victoria, between 5mm and 10mm has fallen in the past few days, while other regions of the southern tablelands have received 20mm or more.

Mr John White of the New South Wales Livestock and Grain Producers Association, said the rains had not heen drought-breaking hut they would significantly improve the situation in south-east NSW.

Estimates by the Bureau of Agricultural Economics in Canberra point to a fall in the real net value of Australian farm production in the current year of at least 30 per cent, to around A$3.43bn (£1.93bn) and they have not been revised upwards because of the rain.

The National Farmers Federation, in Canberra, said the rains seemed to have broken the dry-weather pattern of the past few months—though the cost in terms of reduced crops and slaughtered livestock would be considerable.

However, at Cootamundra, in southern NSW, the Department of Agriculture said 78,000 hectares of wheat had received between 10 mm and 40 mm of rain. Though yields would be well below average, the crops would now be worth harvesting.

Cocoa prices steady

By Our Commodities Staff

WORLD cocoa prices steadied yesterday with gains over the weekend of £8 per tonnes for December. Lower sterling rates against the dollar and uncertainty as to the outcome of this week's International Cocoa Organisation's (ICCO) council meeting were the main factors affecting the market.

The ICCO meeting is resuming discussions adjourned in July on how best to use a $75m loan from Brazil to reduce surpluses and boost prices. A possible increase in the organisation's sales levy from 2 to 3 c per pound and in the range of trigger prices used for the buffer stock scheme are also on the agenda.

According to cocoa traders Gill and Duffus, in their latest market report, the surplus in the coming year, 1982/83, will be only 20,000 to 30,000 tonnes, the smallest since 1978/79. It has been this expectation that has been behind the npward trend in prices since mid-August.

A surplus of this size could prove far more easily manageable for the ICCO than that accumulated over the past two years, and it is expected by Gill and Duffus that the organisation's buffer stock will be in the market in the new season with "sufficient funds to buy a quantity of cocoa greater than the surplus projected."

Rise in coffee continues

By Our Commodities Staff

COFFEE prices continued their upward move yesterday, following the successful conclusion of the International Coffee Organisation's talks in London in the early hours of Saturday morning.

By the end of trading, the November position had pushed well above £1,400 per tonne to close at £1,465.50, up oo Friday's level. Reports that one London trading house was squeezing the nearby November position beiped widen the gap of this month over subsequent ones.

Merchants claim record UK harvest

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

BRITAIN'S harvest will total a record 21.9m tonnes according to the UK Agricultural Supply Trade Association (UKASTA).

This figure is in line with the Ministry of Agriculture's median forecast issued last week, and represents an increase of 2.2m tonnes on last years figure. The UKASTA estimate is based on merchants' reports from across the UK.

The barley crop is estimated at 10.85m tonnes, up 6 per cent on last year, wehat up by 1.8m tonnes to 10.5m tonnes. Oats are down to 550,000 tonnes due to the continuing reduction in acerages sown.

The oilseed rape crope area was up by 40 per cent to 173,000 hectares and yields have heen good, probably a record, but oil content is slightly down. It is expected that next year's crop area will rise to 230,000 hectares, np 32 per cent on this year.

The UK cereal harvest return must be seen in relation to the total EEC crop which is estimated h ythe trade to amount to 126-7m tonnes. A crop of this size could trigger off a co-responsibility levy, leading to a possible intervention price cut, the intrduction of which depends on whether the average production in the years 1980/81 to 1982/83 exceeds the 119.5m tonnes trigger point. The general trend seems to be a gradually rising production per acre in all community countries.

On exports, Mr Christopher Pertwee, UKASTA's President, was not very hopeful in his comments at yesterday's harvest luoch. Most importing couotries are looking for extended credit, up to two years instead of 16/17 months as at present, but banks seem to be reluctant to oblige he said. This is a serious problem because Community exportable surpluses of grain are likely to total 21m tonnes of grain, 16m tonnes of wheat and 5m tonnes of barley. In addition the Commission seems to be holding back on export restitutions for barley.

This action by the EEC is possibly for fear of offending the U.S. and other suppliers to the world market, aod also the probable cost of such a move. So UKASTA is proposing an alternative outlet for grain surpluses to exporting and iotervention.

UKASTA is asking the EEC to pay an incorporation subsidy to compounders so that Community wheat and barley could be priced on the same level as imported cereal substitutes such as tapioca and maize gluten.

This suggestion by UKASTA equates with a denaturing premium for wheat which operated previously for a few years and was dropped.

HUNGARIAN FARMNIG

Profits in smallholding

BY A CORRESPONDENT

SMALL-SCALE private farming has existed in Hungary for several decades, but its impact on the economy and particularly on exports is only now being fully appreciated. It epitomises the government's current concern to promote small businesses and it is growing every day.

Many of Hungary's co-operative farms have realised that they too can benefit, and more and more of their non-specialist work is being performed privately. The co-operatives themselves are now devoting more time and investment to new agricultural industries, especially meat processing.

In 1950 there were 38,000 household farms in Hungary; there are now almost 1m, producing an estimated third of the country's total agricultural output (in price terms) on only 13 per cent of the land. Although the total agricultural land area of Hungary dropped by 160,000 hectares in 1981 from 1980, gardens used for agriculture flourished, up over the same period from 152,000 to 343,000 hectares and being worked by more than 5m people or 50 per cent of the population.

There are three basic types of small private farm: the sort the law says a co-operative must give to each of its current member workers, that which is given to a part worker as a remuneration, and, thirdly, the garden plots of Hungarians whose main job has nothing to do with agriculture.

Some 60 per cent of small-scale farmers are claimed to be pensioners or people without any other job. But there are also juicy pickings for the moonlighter, and, as in other areas of the economy, the authorities with their very particular recipe for liberalised Communism are only too happy that agriculture should thrive as a secondary source of income.

At the root of it all lie pigs. Ever since 1977 when 50,000 sows were transferred to private smallholders by co-operatives in an effort to boost efficiency, the labour-intensive work of feeding and breeding has been done in the back garden at home; the housewife or pensioner then sells the pigs to the co-operative to be turned into innumerable varieties of sausage and salami. Geese and rabbits are made into patés and pies in a similar way.

Mrs Istvánné Fuhász is a typical example. From her richly furnished house just outside Budapest she looks after 30 pigs for the Benta Valley Co-operative of Erd and Százhalombatta; in the corner of her garden is a stack of stale loaves, left-overs from nearby shops, which she uses as pig-feed and sells to other pig-owners in the area. Each month the co-operative pays her 5,000 forints (£80), plus a fee for looking after the feedstuff and a commission for selling it, all good money to subsidise her husband's income as a post-office driver.

The important point is that though both co-operative and smallholder rely on each other in Hungary they operate free from Government interference, and it is up to each smallholder how hard they work and, therefore, how much profit they each make.

The meat-processing side of Mr Dékány's co-operative employs 8 per cent of the work-force but provides 50 per cent of the co-op's income. Each year 30,000 pigs are slaughtered, cut up and smoked into 30 different products.

For the domestic smallholder, tending his cows, pigs or cucumbers after work, the future lies in the increased export of the processed food products which last year represented 25.2 per cent of the total value of Hungary's exports.

New measures taken by central government should encourage this: they include subsidies for the purchase of greenhouses, fertilisers and small machinery, as well as an elaborate scheme enabling smallholders' work to count towards social security benefits.

However, Hungarian farmers and agricultural machinery manufacturers are still beset by two major problems: first, if a company wants to export a product it is obliged to do so through a very few centrally controlled trading companies which are short on marketing skills and unable to tailor promotion campaigns to an individual company's product.

Secondly, Hungary has still to make an impact on Western markets and free itself from a heavy reliance on the Eastern bloc and developing countries who last year bought 70 per cent of its exports.

Hungary's back-garden farmers have a bright future, but when they will be able to provide the shelves of Sainsbury's with more than just jars of gherkins, remains to be seen.

LONDON OIL SPOT PRICES

	Latest	Change + or —
CRUDE OIL—FOB ($ per barrel)		
Arabian Light	33.50	—
Iranian Light	31.20	—
Arabian Heavy	31.00	—
North Sea (Forties)	34.50	—0.05
African (Bonny L'ht)	35.25-35.50	+0.25
PRODUCTS—North West Europe CIF ($ per tonne)		
Premium gasoline	361-365	—
Gas oil	304-310	+1.3
Heavy fuel oil	168-174	+2.0

GAS OIL FUTURES

A weaker opening was caused by the weaker Deutschemark. Prices steadied to reach the highs on a firm, but quiet, New York before dropping back on the close, reports Premier Man.

Month	Yest'day's close	+ or —	Business Done
	$ U.S. per tonne		
Sept.	306.00	—0.50	306.50-06.00
Oct.	309.00	—1.00	310.25-08.00
Nov.	313.50	—1.25	315.00-12.25
Dec.	316.25	—1.75	318.25-15.25
Jan.	310.75	—2.25	310.00-15.25
Feb.	316.00	—1.25	316.00-15.00
March	311.25	—2.75	—
April	305.00	—3.00	305.25-05.00
May	305.00	—1.80	—

Turnover: 1,626 (1,519) lots of 100 tonnes.

GOLD MARKETS

Gold fell $15½ an ounce from Friday's close in the London bullion market yesterday to finish at $412-413. It opened at $410-411 and traded between a high of $415-416 and a low of $408-409. The weaker trend was attributable mainly to a much firmer trend in the U.S. dollar.

In Frankfurt the 12½ kilo bar was fixed at DM 33,455 per kilo (411.00 per ounce) compared with DM 35,425 ($438.0) and closed at $412½-414 from $428½-429½.

In Paris the 12½ kilo bar was fixed at FFr 94,000 per kilo ($409.02 per ounce) in the afternoon compared with FFr 94,000 ($410.12) in the morning and FFr 99,000 ($433.44) on Friday afternoon.

In Luxembourg the dollar per ounce equivalent of the 12½ kilo bar was £414.50 at the fixing.

LONDON FUTURES

Month	Yest'rday's close	+ or —	Business Done
	£ per troy ounce		
October	242.40-2.80	—8.400	245.50-4.50
November	244.40-5.20	—7.750	—
December	246.40-7.20	—8.200	249.00-5.50
January	248.20-0.50	—8.200	248.50
February	250.50-1.70	—7.800	—
March	252.90-4.90	—8.000	—
April	255.00-6.20	—7.800	—

	Sept. 27		Sept. 24	
Gold Bullion (fine ounce)				
Close	$412-413	(£242½-243)	$427½-428½	(£250½-251)
Opening	$410-411	(£241-241½)	$438-439	(£206¾-257¼)
Morning fixing	$414.25	(£243.247)	$438.50	(£256.658)
Afternoon fixing	$413.75	(£242.982)	$431	(£252.490)

Gold Coins Sept. 27

Krugrnd	$415½-417	(£245-245¾)	King Sov	$98-100	(£57¾-58¾)
½ Krug	$210¼-217¼	(£127½-128)	Victoria Sov	$98-100	(£57¾-58¾)
¼ Krug	$110-111	(£64¾-65½)	French 20s	$84¼-86¾	(£49¾-51¼)
1/10 Krug	$45-46	(£26½-27)	50 pesos Mex	$490-498¾	(£288¾-294)
Mapleica	$412½-420½	(£246¾-247¾)	100 Cor. Aust	$305-398½	(£251¾-234¾)
New Sov	$96¼-97¼	(£56¾-57¼)	$20 Eagles	—	—
½ New Sov	$57-50	(£33½-34¾)			

BRITISH COMMODITY MARKETS

BASE METALS

BASE-METAL PRICES were lower on the London Metal Exchange reflecting the marked weakness in precious metal prices. COPPER dipped to £823 prior to closing at £828 while LEAD held around £307 and ZINC £443. Support by the buffer stock manager enabled forward standard TIN to close at £7205. [illegible]

SILVER

Silver was fixed 22.6p an ounce lower for spot delivery in the London bullion market yesterday at 499p. [illegible]

COCOA

[illegible]

COFFEE

[illegible]

GRAINS

[illegible]

POTATOES

[illegible]

RUBBER

[illegible]

SOYABEAN MEAL

[illegible]

SUGAR

[illegible]

WOOL FUTURES

[illegible]

TEA AUCTIONS

[illegible]

PRICE CHANGES

[illegible]

INDICES

FINANCIAL TIMES

[illegible]

MOODY'S

[illegible]

DOW JONES

[illegible]

AMERICAN MARKETS

NEW YORK, September 27

[illegible]

EUROPEAN MARKETS

ROTTERDAM, Sept 27.

[illegible]

PARIS, September 27.

[illegible]

COTTON

[illegible]

JUTE

[illegible]

MEAT/FISH

[illegible]

WORLD STOCK MARKETS

Fresh early Wall St decline

A FURTHER decline in stock prices was seen on Wall Street yesterday morning in relatively slow trading due to investor concern about the timing of any U.S. economic recovery.

The Dow Jones Industrial Average, after slipping 6.25 last Friday, was down 4.88 more at 914.64 at 1 pm yesterday. The NYSE All Common Index was 30 cents lower at $70.45 with declines leading gains on the Exchange by a seven-to-four ratio. Turnover decreased to 30.95m shares from Friday's 43.10m.

Many investors were absent from the market due to the Yom Kippur holiday.

Analysts said the market came under pressure from the Commerce Department's projection that the leading economic indicators, to be reported this Thursday, would show a decline after four consecutive monthly rises.

Also worrying investors was the report that new machine tool orders fell 22 per cent in August to their lowest level of the year.

Analysts said Wall Street now expects the start of the recovery to be delayed at least until the fourth quarter, which could mean continued weakness in corporate earnings for the rest of this year.

Bendix was the one bright spot in the market, jumping 16¼ to $74 in very heavy trading.

Late on Friday, the long takeover battle between Bendix, Martin Marietta, United Technologies and Allied Corporation ended when Allied agreed to acquire Bendix for $85 a share and retain 39 per cent of Marietta's stock.

Marietta fell 10⅞ to $33½ and Allied 3¼ to $32¼, while United Technologies, which withdrew its offer for Bendix, gave up ⅜ to $47⅞.

Woolworth rose ⅞ to $23⅞ in heavy trading. The company announced on Friday that it would close its U.S. Woolco stores. K-Mart, which competes with Woolco, put on ⅛ to $22¼, also in heavy trading.

Closing prices for North America were not available for this edition.

THE AMERICAN SE Market Value Index shed 1.88 to 288.76 at 1.00 pm. Volume 2.04m shares (2.60m).

Canada

Markets were generally easier at mid-session after moderate trading, with the Toronto Composite Index off 9.4 at 1,627.6. Golds shed 39.2 to 2,598.0 and Oil and Gas 31.3 to 2,810.9.

Germany

In what dealers described as the biggest sell-off for 20 years, West German stock prices plummeted over a broad front yesterday. The selling was triggered by the unexpectedly poor showing of the Conservative and Liberal parties at the weekend Hesse election. The Commerzbank index dropped 25.2 to 684.9.

The vote has cast uncertainty over whether a planned Conservative-Liberal coalition can unseat Chancellor Helmut Schmidt's minority Government.

Professionals, who had built up their portfolios last week in anticipation of a Right-wing Administration coming to power in Bonn this Friday, were heavy sellers yesterday. However, dealers said the market tended to steady in late trading.

Motors were among the weakest shares, with BMW losing DM 9.80 to DM 188.20, Daimler DM 10.70 to DM 325 and Volkswagen DM 3.70 to DM 126.

Electricals issue Siemens, one of last week's pacesetters, fell DM 11 to DM 238.20.

In Chemicals, BASF dipped DM 4.50 to DM 112.70, Bayer DM 4.60 to DM 109.30 and Hoechst DM 3.20 to DM 108.50.

Deutsche Bank shed DM 6 to DM 252, while in Engineerings, Linde slipped DM 8.50 to DM 288, GHH DM 7.50 to DM 178 and KHD DM 11 to DM 185.50.

An exodus of foreign investors from the mark-denominated Bond market drove prices down an average of 75 pfennigs, forcing Deutsche Bundesbank to buy an unusually high amount of DM 137.1m of Public Sector Bonds to balance the market.

Tokyo

Some Blue Chip and Oil issues led the market lower, sentiment depressed by the yen's fall to a five-year low against the U.S. currency. However, the market's fall was greatly exaggerated by many issues being quoted ex-divideod or ex-rights yesterday.

The Nikkei-Dow Jones Average, after losing 32.96 in the short Saturday session, receded 57.58 more to 6,975.50. However, 27.78 of yesterday's 57-point fall was attributed to 53 issues going ex-rights. The Tokyo SE index, down 1.55 on Saturday, retreated 4.08 more to 525.05. Trading was thin, volume amounting to 150m shares, only slightly above Saturday's half-day total of 140m.

Among issues which went both ex-dividend and ex-rights, Nippon Electric ended at Y786 against Y820 last Saturday, while Fujitsu fell further to Y810 from Y840. Fujitsu was already significantly lower at the end of last week on reports that IBM might take the company to court for alleged violation of the copyright law. IBM, however, denied the reports.

Among Oils, Nippon weakened Y18 to Y827 and Teikoku Y37 to Y860.

Elsewhere Matsushita Electric shed Y30 to Y1,100, Canon Y19 to Y860, Mitsubishi Electric Y11 to Y268, Hitachi Y7 to Y620 and Nissan Motor Y11 to Y707, but Sony added Y20 at Y3,330 and Kyoto Ceramic Y40 at Y,3820.

Hong Kong

Continuous selling throughout yesterday's session left stocks closing sharply lower at the day's worst levels.

Investors were disappointed by the lack of more positive developments emerging from British Prime Minister Margaret Thatcher's talks with China over the future of Hong Kong. The lease from China on the Hong Kong New Territories expires in 1997.

The Hang Seng Index retreated 83.74 to 1,012.62, while turnover on the four exchanges expanded to HK$297.33m from last Friday's HK$207.29m.

Cheung Kong fell HK$1.10 HK$9.90, HK Land 65 cents HK$5.85, Sun Hung Kai Properties 50 cents to HK$5.35 a Swire Properties 70 cents HK$6.50.

Jardine Matheson weaken HK$1.40 to HK$15.80, Hutchis Whampoa HK$1.60 to HK$11. Swire Pacific "A" HK$1.30 HK$9.90 and Carrian Investments 25 cents to HK$2.275.

Hang Seng led the losses the Banking sector, falli HK$4.50 to HK$59.50, wh Hongkong and Shanghai down 60 cents to HK$9.25, a Bank of East Asia HK$1.75 HK$29.

Paris

Bourse prices closed mix after moderate trading desp moves by the Bank of France ease domestic interest rates.

Analysts said the mark largely ignored the Bank France's decision yesterday cuts its intervention rate to per cent from 14 per cent and Call Money Rate to 14 per c from 14½ per cent.

Australia

Shares mostly retreated to at the day's worst. Recent s port waned due to the fall in Gold Bullion price and Frida decline on Wall Street.

The All Ordinaries index sh 6.5 to 514.6, Oil and Gas 8.7 506.7, Metals and Minerals 9.4 410.2 and Industrials 3.6 to 65

In the Golds group, Gl slipped 40 cents to A$7 Central Norseman 30 cents A$6.90. Poseidon 19 cents A$3.48, Peko-Wallsend 10 ce to A$5.00 and Emperor 12 ce to A$1.35.

Johannesburg

Gold shares closed weaker w the Bullion price after a v quiet day, with business limi due to the Jewish religious h day.

Heavyweights shed up to as in Winkelhaal, at R36, wh among cheaper-priced produc Harmony shed R1.55 to R17

CANADA

Stock	Sept. 24	Sept. 25
AMCA Intl.	18	18¼
Abitibi	18	18¼
Agnico Eagle	11	11¼
Alcan Alumin	26⅛	26⅞
Algoma Steel	26½	27¼
Asbestos	11¼	11¼

DENMARK

Sept. 27	Price %	+ or —
Andelsbanken	117	......
Baltica Skand	375	+2
CopHandelsbank	127.0	......
D. Sukkerfab	402	+36
Danske Bank	127.0	......
East Asiatic	86.6	+4

HOLLAND (continued)

Sept. 27	Price Frs.	+ or —
Gist-Brocades	82.7	+0.7
Heineken	67.7	—1
Hoogovens	12.4	+0.3
Hunter Douglas	2.2	+0.6
Int Muller	16.5	—0.3
KLM	87.3	—1.2

AUSTRALIA

Sept. 27	Price Aust. $	+ or —
ANZ Group	3.80	—0.08
Acrow Aust	1.40	......
Ampol Pet	1.30	......
Assoc. Pulp Pap	1.65	+0.01
Audimco	0.10	+0.01
Aust. Cons. Ind.	1.30	—0.05
Aust. Guarant.	2.20	
Aust. Nat. Inds.	2.18	

JAPAN (Continued)

Sept. 27	Price Yen	+ or —
Kubota	322	—
Kumagai	385	—
Kyoto Ceramic	3,820	+
Lion	336	+
Maeda Const.	517	—
Makita	746	+
Marubeni	272	—
Marudai	312	+

Government stocks resume advance to 5-year peaks

Equities recover from cautious start—Hawker weak

Account Dealing Dates

Option *First Declara- Dealings	tions	Last Dealings	Account Day
Sept 6	Sept 16	Sept 17	Sept 27
Sept 20	Sept 30	Oct 1	Oct 11
Oct 4	Oct 14	Oct 15	Oct 25

* "New-time" dealings may take place from 9.30 am two business days earlier.

After Friday's slight setback, Government stocks resumed their advance as optimism about lower interest rates heightened following the Bank of England's actions in UK money markets yesterday. For the first time in a month, intervention rates on all four bands were reduced, thus enhancing the prospect of another round of clearing bank base rate cuts.

A closer assessment of the new £1bn tap stock, Exchequer 10½ per cent 1988, announced shortly after 3.30 pm on Friday, encouraged opening firmness in Gilts on the view that a good subscription could be attracted at tomorrow's tender; only £20 is payable on application with the balance spread over until early December.

Business in Gilts was largely one-way, comprising demand from small private investment clients together with buying of a more speculative nature. It impinged on markets experiencing stock shortages, and the announcement of the authorities' move in money markets further aggravated the situation.

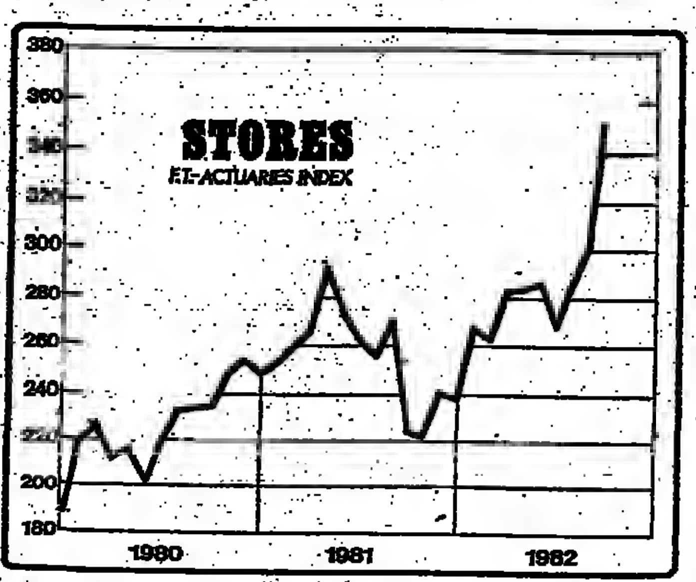
Selected longer-dated issues were in extremely short supply and the larger gains consequently occurred in this area. Exchequer 15 per cent 1997 rose nearly a point, but continuing tight credit conditions hampered trade among the shorts. Treasury 12½ per cent Convertible 1986 managed an exceptional gain of ⅞ to 109¼, but other movements in near dates were restricted to ⅛. Considered expensive when compared with the proposed new tap issue, Exchequer 10½ per cent 1987 reacted ¾ to 99¼; the final call on the stock was made yesterday.

Another gloomy CBI survey on the outlook for the UK economy and comment ruling out the possibility of basic rate tax cuts in next year's Budget imparted caution to equity markets. Account Day influences and the Jewish holiday led to a reduced business, but leading shares slowly regained the early losses of a few pence to close narrowly mixed on balance.

A fall in recently-strong Hawker Siddeley on suggestions that a broking house may soon downgrade its profits estimate affected the FT Industrial Ordinary share index; this measure was down 3.7 at 11.00 am but closed only 1.1 off at 580.8, the day's loss being attributable to the drop of 22 to 336p in Hawker. The broader based FT-Actuaries Industrial Group index edged higher to a fresh all-time peak, as did the 500 share index.

Lloyds Bank down

Adverse Press comment depressed the major clearing banks. Lloyds were particularly vulnerable, falling 18 to 382p on reports that the Hong Kong branch of Lloyds Bank International was experiencing serious problems over property-related lending. Midland closed 10 down at 290p as did NatWest, at 415p, while Barclays relinquished 5 to 380p, after 378p. The steep slide in Hong Kong shares weakened Standard Chartered which has substantial interests there, the close being 10 cheaper at 358p. Hong Kong and Shanghai were similarly affected and closed 8 off at 84p. The liquidation of speculative positions prompted a decline of 10 to 160p in recently firm Grindlays, while Mansion Finance lost 7 more to 30p on further consideration of the disappointing results.



Parking meter manufacturers and distributors FKI Electricals staged a successful debut in the Unlisted Securities Market; from an opening level of 15½p, the shares attracted a useful business and closed at 17½p compared with the placing price of 10p. Yesterday also saw the official London listing of Rorento, part of the Robeco group; the shares opened and closed at £36.

Quietly firm conditions persisted in Buildings, Blue Circle rising 6 to 450p and RMC a couple of pence to 276p; the latter's half-year results are due tomorrow. Elsewhere, recently dull Ibstock Johnsen improved 3 to 57p, while revived demand in a thin market lifted Trent Holdings 6 to 72p. Among the companies reporting yesterday, Travis and Arnold rose a couple of pence to 210p, the half-year profits matching market estimates. On the other hand, Galliford lost the turn to 61p following lower preliminary profits, while W. and J. Glossop shed 2 to 68p on the uninspiring interim statement.

Woolworth volatile

F. W. Woolworth continued to dominate proceedings in the Store sector on speculation concerning the company's future. Reflecting doubts in the weekend Press that a bid will materialise, the shares were sold down to 65p before rallying in the late afternoon to close unchanged on the day at 71p on rumours that an offer had been placed on the table by Paternoster, the special company created by Charterhouse Japhet. Elsewhere, House of Fraser softened 2 to 160p following adverse comment ahead of tomorrow's interim results. Polly Peck, on the other hand, jumped 17 to 547p, after 560p, in response to Press comment; while Stead and Simpson "A" advanced 5 to 67p for a similar reason.

The chairman's profits warning continued to weigh heavily on Thorn EMI and, with the additional burden of adverse weekend Press comment, the share price wilted 7 further to 380p, after 378p. Elsewhere, news of overseas telecommunication deals prompted firmness in Plessey and Cable and Wireless; the former put on 5 to 582p, after 583p, on details of the company's foray into the U.S. market and the latter gained 7 to a 1982 peak of 338p following the group's Chinese agreement. Feedback, 162p, and ORE, 242p, both dealt in the Unlisted Securities market, rose 10 and 7 respectively, while AB Electronics put on 5 to 272p ahead of tomorrow's preliminary results. Ward and Goldstone hardened 2 to 52p on the annual report.

Hawker fell sharply to close 22 lower at 336p, after 334p, following a weekend Press suggestion that analysts are expected to downgrade their annual profits forecast for the company. Other leading Engineers were inclined easier in a slow day's trading. Elsewhere, Planet responded to good interim results with a rise of 4 to 30p. Hall Engineering gained 4 to 136p on news that Marshell had increased its holding in the company to 8.27 per cent. Chamring firmed 10 to 480p in a limited market, but adverse comment left Birmid 2 lower at 16p.

Sharply lower on Friday on rumours that Associated Dairies was about to embark on a price cutting operation and so precipitate a new price war, Food Retailers traded on a steadier note with one or two issues staging a modest rally. Associated Dairies, down 8 on Friday, edged up a couple of pence to 150p, as did J. Sainsbury, to 387p. Linfood firmed 4 to 232p, but Kwik Save failed to make any progress after Friday's drop of 12 and held at 280p.

Foseco Minsep fall

Reflecting disappointment with the interim results, Foseco Minsep fell 20 to 147p. Elsewhere in miscellaneous industrials, renewed weakness in Hong Kong shares prompted reactions of 15 and 16 respectively in Jardine Matheson, 148p, and Hutchison Whampoa, 110p, while China Light declined 7 at 124p and Wheelock Marden "A" dipped 5 to 39p. Parker-Knoll "A" gave up 5 to 148p following the lower profits. Sketchley continued to lead dry-cleaning issues higher, following last week's advance of 38 with a fresh rise of 8 at 330p; Initial put on 10 to 305p and Johnson Cleaners 6 to 268p. Bridon firmed 4 to 40p on press comment and Chubb hardened 2 to 109p, after 110p, on revived bid hopes. The leaders plotted an irregular course in thin trading; Glaxo rose 6 to 815p as did Beecham, to 348p, but Pilkington were friendless at 170p, down 10.

Nimslo International remained on offer in the wake of the interim report and shed 16 more to 130p.

Publishers Link House, a thin market, jumped 37 to a 1982 peak of 270p on sharply increased annual profits and dividend. Good Relations, dealt in the Unlisted Securities Market, attracted investment buying and gained 6 to a peak of 103p.

Properties, having made a brighter showing recently on cheaper money hopes, turned quietly dull. Land Securities, 276p, and MEPC, 178p, losing 3 pence. Rosehaugh, a rising market in the latter half of last week following reports, later denied, that the company was involved in the consortium interested in acquiring F. W. Woolworth encountered occasional selling and shed 5 to 206p. Against the trend, Percy Bilton put on 6 to 190p on the sharply higher interim profits and the board's confident statement, while Amalgamated Estates hardened 1½ to 22½p following an investment recommendation. Elsewhere, Hongkong Land and Swire Properties shed 8 apiece to 53p and 59 respectively on Far-Eastern influences.

Oils remain quiet

Quiet conditions persisted in the Oil market and quotations rarely strayed far from slightly lower opening levels. British Petroleum closed a couple of pence cheaper at 286p, but Ultramar, still benefiting from a broker's favourable circular, showed resistance and hardened 3 to 455p. Elsewhere, Cluff were noteworthy for a fall of 4 to 63p.

News of the Saudi Arabian stake continued to generate interest in Aitken Hume which edged up 7 more to 202p. Among money brokers, Mercantile House were dull again at 410p, down 10, but favourable press mention left R. P. Martin, that amount up at 345p. Investment Trusts were inclined easier, but Gresham advanced 6 to 110p on news of the bid approach. Jardine Securities, reflecting the setback to Hong Kong stocks, fell 12 to 112p.

Tobaccos were featured by Bats, up 19 at 569p; after 575p, on buying for the dividend. Imps edged up a couple of pence to 107p.

Occasional buying interest was evident in the Textile sector. Leeds Group firmed 4 to 98p, while Nottingham Manufacturing, 194p, and Illingworth Morris, 20p, put on 2 apiece. Favourable press mention prompted a gain of 5 to 204p in Allied Textiles.

Golds lose ground

The sharp decline in the bullion price in U.S. markets on Friday night and the subsequent fall in the metal price in London led to widespread losses in mining markets.

South African Golds, sharply lower in the U.S. on Friday evening, opened on a weak note and lost further ground during the day before staging a good rally in the after-hours trade along with the bullion price.

The latter closed a net $15.5 down at $412.5 an ounce, having traded around the $410 level in early dealings.

Losses in Golds owe more to marking down in sympathy with the metal price rather than any weight of selling. Dealers reported a much quieter day than of late, mainly reflecting the absence of many market makers owing to the Jewish holiday.

Among the leading heavyweights, falls extended to around a point, as in Hartebeest, £30¼, and Randfontein, £41½.

Marginals were substantially lower although most issues closed above the day's lowest levels.

South African Financials were generally easier following the declines in gold and gold shares. "Amgold" retreated £1½ to £44 and "Johnnies" ¾ to £38¾. De Beers attracted renewed selling and dropped 16 to 282p.

Leading Australians gave ground in quiet trading. GMK fell 15 to 390p, Peko-Wallsend 9 to 283p and CRA 7 to 207p.

Reflecting the paucity of business in the underlying securities, demand for Traded Options was small with only 1,050 deals done, comprising 658 calls and 392 puts. Call activity was again dominated by Imperial Group with 245 contracts completed, 156 in the November 100 series.

OPTIONS

First Dealings	Last Dealings	Last Declarations	For Settlement
Sept 27	Oct 8	Dec 23	Jan 10
Oct 11	Oct 22	Jan 13	Jan 24
Oct 25	Nov 5	Jan 27	Feb 7

For rate indications see end of Share Information Service

Money was given for the call of Trident TV, Premier Consolidated, GEC, Woolworth, Imperial Group, First National Finance, Laganvale, Cope Allman, London and Liverpool Trust, Wearwell, Amalgamated Estates, Double Eagle, FKI Electricals, Marks and Spencer, Weir Group, ICI, Thorn EMI, Hanuro Life, Renold and Lonrho. Puts were arranged in Jardine Matheson, Hutchison Whampoa, ICI, Fabel, Freemans and Woolworth, while double options were arranged in Woolworth, Premier Consolidated, Quest Automation, Double Eagle and Offshore Mining.

FINANCIAL TIMES STOCK INDICES

	Sept. 27	Sept. 24	Sept. 23	Sept. 22	Sept. 21	Sept. 20	A year ago
Government Secs.	79.12	78.80	79.05	79.03	78.38	77.84	60.45
Fixed Interest	79.67	79.65	78.57	79.50	79.14	78.82	61.94
Industrial Ord.	580.8	581.6	077.2	582.6	576.2	564.9	467.5
Gold Mines	357.8	370.6	367.2	564.4	345.6	343.4	554.3
Ord. Div. Yield	4.95	4.96	5.00	4.97	5.03	5.19	0.57
Earnings, Yld.% (full)	10.97	10.96	11.06	11.00	11.14	11.34	11.21
P/E Ratio (net) (*)	10.93	10.94	10.84	10.90	10.77	10.58	11.44
Total bargains	18,345	18,473	17,370	17,665	10,977	17,403	29,325
Equity turnover £m.	—	164.09	142.38	185.67	140.22	109.04	170.19
Equity bargains	—	14,561	13,431	12,774	13,827	11,823	27,333
Shares traded (ml)	—	115.8	98.3	109.8	97.1	82.7	124.2

10 am 578.2, 11 am 577.9, Noon 578.4, 1 pm 578.4, 2 pm 578.8, 3 pm 579.2.

Basis 100 Govt. Secs. 16/10/26. Fixed Int. 1928. Industrial 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

Nil=10.18.

HIGHS AND LOWS — S.E. ACTIVITY

	1982 High	1982 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	79.12 (27/9)	61.89 (5/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	79.67 (27/9)	62.79 (7/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ind. Ord.	596.2 (5/8)	518.1 (5/1)	597.3 (30/4/81)	49.4 (26/6/40)
Gold Mines	379.6 (7/9)	181.2 (22/6)	558.9 (22/9/80)	43.0 (26/10/71)

	Sept. 24	Sept. 23
—Daily Gilt Edged Bargains	227.5	229.0
Equities Bargains	94.3	87.0
Value	331.8	287.8
5-day Avrge. Gilt-Edged Bargains	217.4	206.2
Equities Bargains	86.1	85.4
Value	291.8	287.7

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Sept 27 1982 Index No.	Day's Change %	Est. Earnings Yield % (Max.)	Gross Div. Yield % (ACT at 30%)	Est. P/E Ratio (Net)	Fri Sept 24 Index No.	Thurs Sept 23 Index No.	Wed Sept 22 Index No.	Tues Sept 21 Index No.	Year ago (approx.) Index No.
1	CAPITAL GOODS (209)	431.31	−0.3	8.98	3.98	13.90	432.67	430.89	430.33	425.53	294.08
2	Building Materials (25)	349.53	−0.2	12.09	5.30	9.95	350.06	348.51	347.48	339.49	259.17
3	Contracting, Construction (28)	647.14	−0.3	14.12	4.78	8.41	649.77	648.32	652.33	637.30	451.60
4	Electricals (31)	1831.41	—	5.91	1.77	22.16	1830.63	1814.90	1805.96	1790.08	987.19
5	Engineering Contractors (11)	453.22	−0.8	14.98	6.74	8.01	457.09	458.31	462.97	463.52	391.31
6	Mechanical Engineering (67)	196.53	−1.3	12.32	6.02	9.76	199.18	198.91	200.71	199.85	165.29
8	Metals and Metal Forming (11)	138.16	−0.3	15.21	9.01	7.95	138.54	137.77	140.94	139.15	135.93
9	Motors (20)	75.97	−0.9	3.24	9.04	—	76.67	76.79	77.16	75.93	84.06
10	Other Industrial Materials (18)	350.57	−0.6	9.49	5.97	13.28	352.84	348.44	351.51	347.75	309.83
21	CONSUMER GROUP (202)	365.34	+0.5	11.12	4.79	10.86	363.46	359.69	359.95	354.58	233.55
22	Brewers and Distillers (22)	396.41	+0.2	12.02	5.25	10.11	395.69	391.29	390.15	382.30	250.17
25	Food Manufacturing (22)	303.42	+0.2	15.21	6.00	7.68	302.89	301.78	302.48	298.26	223.49
26	Food Retailing (14)	750.81	+0.7	7.98	2.99	15.64	745.66	761.31	759.94	754.52	446.45
27	Health and Household Products (9)	567.49	+1.1	6.26	3.05	18.76	561.17	552.05	553.27	542.78	285.32
29	Leisure (23)	434.41	−0.4	9.65	5.38	13.13	436.13	436.00	439.44	435.93	355.04
32	Newspapers, Publishing (13)	538.50	+1.1	11.90	5.87	10.38	532.55	532.28	529.38	527.03	414.73
33	Packaging and Paper (14)	141.26	—	17.00	7.86	6.49	141.32	140.51	141.59	138.24	115.73
34	Stores (45)	352.65	+0.2	8.26	3.90	16.00	352.02	348.27	342.13	337.45	214.00
35	Textiles (23)	169.31	−0.2	13.64	6.33	8.92	169.71	167.25	166.83	163.66	132.41
36	Tobaccos (3)	408.20	+2.8	21.03	6.78	5.27	397.00	391.99	398.79	392.82	228.92
39	Other Consumer (14)	290.94	+0.6	4.22	5.39	71.26	289.13	287.01	294.08	282.65	229.84
41	OTHER GROUPS (76)	267.25	+0.2	12.99	6.38	9.27	266.82	263.93	265.32	262.17	191.89
42	Chemicals (15)	345.11	+0.2	14.43	7.01	8.24	344.57	339.71	343.63	339.38	252.89
44	Office Equipment (4)	97.05	−1.4	16.76	9.00	7.33	98.41	98.34	99.92	99.30	95.19
45	Shipping and Transport (13)	534.71	−0.7	16.45	7.86	7.22	538.53	542.00	546.91	539.91	430.18
46	Miscellaneous (44)	369.95	+0.6	10.45	5.16	11.71	367.90	362.90	362.07	357.94	240.93
49	INDUSTRIAL GROUP (487)	373.99	+0.2	10.56	4.65	11.55	373.36	370.07	370.51	365.64	248.99
51	Oils (13)	699.39	−0.5	18.69	8.41	6.24	702.97	701.86	703.11	697.76	588.95
59	500 SHARE INDEX	400.75	+0.1	11.69	5.18	10.33	400.46	397.34	397.05	392.92	276.00
61	FINANCIAL GROUP (117)	253.04	−1.1	—	6.88	—	255.84	255.01	256.55	253.04	223.02
62	Banks (6)	258.39	−2.6	39.14	9.26	2.81	265.16	264.97	257.65	262.70	235.49
63	Discount Houses (9)	281.36	−0.9	—	8.39	—	283.92	286.16	282.80	274.31	295.33
65	Insurance (Life) (9)	311.41	—	—	6.88	—	311.35	307.02	313.40	307.66	203.49
66	Insurance (Composite) (10)	163.29	−0.5	—	8.71	—	164.17	163.60	165.06	165.28	150.03
67	Insurance Brokers (7)	526.64	+0.4	11.91	5.05	11.73	524.61	515.29	519.90	516.51	370.66
68	Merchant Banks (12)	142.86	−0.7	—	6.21	—	143.90	144.09	144.59	142.18	127.53
69	Property (49)	414.72	−1.1	5.64	3.98	25.73	419.13	417.55	414.22	407.64	377.11
70	Other Financial (15)	162.19	−1.7	15.86	7.88	7.43	164.93	168.06	166.62	164.94	145.06
71	Investment Trusts (111)	319.42	−0.3	—	5.15	—	320.51	319.18	319.31	314.39	257.70
81	Mining Finance (4)	212.49	−0.6	10.82	6.69	12.04	213.86	216.24	217.07	211.58	221.25
91	Overseas Traders (18)	362.04	−0.2	14.14	8.01	8.65	362.91	364.27	366.82	364.25	369.85
99	ALL-SHARE INDEX (750)	361.00	−0.2	—	5.52	—	361.55	359.25	360.01	355.35	265.05

FIXED INTEREST

	PRICE INDICES	Mon Sept 27	Day's change %	Fri Sept 24	xd adj. today	xd adj. 1982 to date
	British Government					
1	5 years	118.29	+0.30	118.27	0.09	8.66
2	5-15 years	126.60	+0.47	126.75	0.74	10.47
3	Over 15 years	135.31	+0.58	134.70	0.37	10.52
4	Irredeemables	139.20	+0.02	139.17	—	8.90
5	All Stocks	126.36	+0.40	126.33	0.37	9.89
6	Debentures & Loans	99.33	−0.39	99.72	—	8.91
7	Preference	73.41	+0.58	73.05	0.06	5.06

	AVERAGE GROSS REDEMPTION YIELDS		Mon Sept 27	Fri Sept 24	Year ago (approx.)
	British Government				
1	Low Coupons	5 years	8.93	8.99	13.93
2		15 years	10.30	10.47	14.38
3		25 years	10.60	10.66	14.47
4	Medium Coupons	5 years	11.31	11.46	16.14
5		15 years	11.42	11.49	16.39
6		25 years	10.93	10.97	15.90
7	High Coupons	5 years	11.42	11.46	16.13
8		15 years	11.64	11.71	16.52
9		25 years	11.11	11.16	16.00
10	Irredeemables †		10.70	10.70	14.20
11	Debs & Loans	5 years	12.58	12.52	17.37
12		15 years	12.58	12.52	17.30
13		25 years	12.58	12.52	17.23
14	Preference †		13.30	13.38	16.77

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

NEW HIGHS AND LOWS FOR 1982

NEW HIGHS (103)

BRITISH FUNDS (22)

AMERICANS (2): Enserch; TRW Inc.

BUILDINGS (7): Barratt Devpts.; Travis & Arnold; Blue Circle; Trent Hldgs.; Fairclough Cons.; Watts Blake

CHEMICALS (2): Allied Colloids; Coates Bros.

STORES (17): Habitat Mothercare; Martin Newsagent; Reed (Austin) A; Marks & Spencer; Stead & Simpson A

ELECTRICALS (10): A.B. Elect.; Feedback; Cable & Wireless; First Castle; Plessey; Scholes (G. H.)

ENGINEERING (3)

FOODS (3): Salvesen

HOTELS (1)

INDUSTRIALS (14): Reckitt & Colman; Russell (A.); Sears; Sketchley; Standard Fireworks; Sunlight Serv.; Wills (G.)

INSURANCE (2): Prudential

MOTORS (1)

NEWSPAPERS (1): Link House

PAPERS (3): Usher Walker

SHOES (1)

TEXTILES (2)

TOBACCO (1): Imperial

TRUSTS (3): T.R. North America

MINES (2): Sentrust

NEW LOWS (34)

BANKS (2): Standard Chartered

BUILDINGS (2)

ELECTRICALS (4)

ENGINEERING (11)

INDUSTRIALS (10)

PROPERTY (1)

SHIPPING (2): Ocean Trans.

OILS (2): Cluff Oil

OVERSEAS TRADERS (1)

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	63	3	27
Corpns. Dom. and Foreign Bonds	3	22	50
Industrials	220	216	882
Financial and Props.	106	138	327
Oils	13	24	72
Plantations	7	5	18
Mines	8	80	54
Others	34	53	86
Totals	380	538	1,526

RECENT ISSUES

EQUITIES

Issue price	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price	+ or −	Net Div.	Times Covered	Gross Yield	P.E. Ratio
¶¶	F.P.	—	82½	65	Antofagasta Hldgs £1	65	.....	7.0	3.0	15.4	2.0
—	F.P.	—	24	22	Beradin Holdings 5p	23	.....	0.65	1.3	4.0	24.7
‖‖	F.P.	—	8	6½	✣Berkeley H.H. Inv 1 0p	6½	.....	—	—	—	—
35	F.P.	7/9	78	44	✣Bio-Isolates 10p	65	.....	—	—	—	—
101	F.P.	—	99	92	✣Breville Europe 10p	94	−1	u4.5	2.2	7.4	11.2
§35	F.P.	10/9	45	38	✣Coleman Milne 10p	44½	.....	u1.5	3.2	4.9	7.1
¶¶	F.P.	—	31	27	✣Delmar Group	27	.....	u1.68	2.4	8.9	6.7
—	F.P.	29/11	106	87	✣Ecobric New Ord £1	105	.....	bd10.5	1.9	14.3	4.7
—	F.P.	—	63	56	✣ Do. Defd.	60	.....	—	—	—	—
§10	F.P.	—	17½	15½	✣F.K.I. Elect. 10p	17½	.....	60.2	4.0	1.0	18.2
80	F.P.	24/9	64	48	✣Hudson Pet. Int. 5p	60	.....	—	—	—	—
§110	F.P.	17/9	182	159	✣Int'europe Tech. 25p	167	.....	u4.0	1.8	3.4	23.4
375	F.P.	29/9	425	368	Mercantile Hse. New	410	−10	14.0	2.2	4.9	10.7
—	F.P.	—	95	20	RIT & Northern War'ts	25	−1	—	—	—	—
—	F.P.	—	24	20	Rvr Plate & Gen. Wrrts	20	−1	—	—	—	—
—	F.P.	—	£36	£36	Rorento N/V Fl. 50	£36	.....	—	—	—	—
‖	F.P.	—	13	10	✣Sheraton Secs 10p	11	+1	—	—	—	—
—	F.P.	—	24	23	Twinlock 10p	24	.....	—	—	—	13.3

FIXED INTEREST STOCKS

Issue price £	Amount paid up	Latest Renunc. date	1982 High	1982 Low	Stock	Closing price £	+ or −
¶¶	F.P.	—	95p	90p	Anglo Indonesian 9% Cnv. Cum. Pref.	95p	.....
¶¶	F.P.	—	60p	52p	Antofagasta 3.5% Pref. £1	55p	.....
99.528	£20	28/10	31½	21¼	Australia 13½% Ln. 2010	30½	+½
97.504	£26	4/6	26	24	BOC 12½% Uns. Ln. 2012-17	25½	.....
105	F.P.	—	106½	105	Credit National Br. 13½% 1989	106½	.....
97.058	£20	8/12	22	19¾	Electricite de France 12¾% Ln. 2008	20¾	.....
96.594	£25	—	25½	24½	Hydro Quebec 12¾% Ln. 2015	25¼	+½
97.705	£25	18/2	28	25	MEPC 12% Fst. Mort. Gen. 2017	28	+½
‖100	F.P.	—	100½	100½	Mid-Sussex Water 12½% Red. 87 89	100½	.....
100	F.P.	—	100⅝	99½	Nationwide Bdg. Soc. 11¾% 25.9.83	100	.....
100	F.P.	—	100⅛	99⅞	Do. Do. 11½% 30.9.83	100	.....
100	F.P.	—	100	100	Do. Do. 11¼% 3.10.83	100	.....
99.925	£25	—	25½	25¼	Std Chard 12¼% Sub Ord Uns Ln 2002.7	25½	+½
—	F.P.	—	94	93	Twinlock 15% Uns. Ln.	94	.....

"RIGHTS" OFFERS

Issue price	Am'unt paid up	Latest Renunc. date ●	Latest Renunc. date ■	1982 High	1982 Low	Stock	Closing price	+ or −
400	F.P.	15/9	8/10	510	488	Eurotherm Int. 10p	516	.....
21	Nil	11/10	19/11	18½pm	8pm	Munton Bros. 10p	16½pm	.....
12½	Nil	—	—	¼pm	¼pm	N.M.C. Invs. 12½p	¼pm	.....
1	F.P.	22/9	19/10	2	1¼	Spong	2	.....
170	Nil	5/10	11/11	28pm	10pm	Tricentrol	12pm	.....
25	Nil	8/10	19/11	4pm	2½pm	U.U. Textiles	3½pm	−1

Renunciation date usually last day for dealing free of stamp duty. *b* Figures based on prospectus estimate. *d* Dividend rate paid or payable on part of capital; cover based on dividend on full capital. *g* Assumed dividend and yield. *t* Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. *u* Forecast dividend: cover based on previous year's earnings. F Dividends and yield based on prospectus or other official estimates for 1983. Q Gross. T Figures assumed. ⊕ Figures or report awaited. ‡ Cover allows for conversion of shares not now ranking for dividend or ranking only for restricted dividends. § Placing price. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered to holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or take-over. ‖‖ Introduction. □ Issued to former preference holders. ■ Allotment letters (or fully-paid). ● Provisional or partly-paid allotment letters. ★ With warrants. †† Dealings under special Rule. ✣ Unlisted Securities Market. ‡‡ London Listing. ‡ Effective issue price after scrip. † Formerly dealt in under Rule 163(2)(e). ‡‡ Unit comprising five ordinary and three Cap. shares. ✠ Issued free as an entitlement to ordinary holders.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in SE Official List

Stock	No. of price change	Friday's closing price pence	Day's change	Stock	No. of price change	Friday's closing price pence	Day's change
Polly Peck	22	530	+45	Comet Group	12	155	+5
Gus A	19	608	+15	Imps	12	105	+2
Ass. Dairies	18	148	−8	Linfood Hldgs.	12	228	−2
Tesco	15	93	—	Sainsbury (J.)	12	385	−5
Utd. Scientific	15	323	+6	Sketchley	12	322	+16
Boots	13	275	+5	BAT Inds.	11	350	+5
Aitken Hume	12	195	+20	Cable, Wireless	11	323	+10

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday

Stock	Closing price pence	Day's change	Stock	Closing price pence	Day's change
Barclays Bank	380	−5	Lloyds Bank	382	−18
FKI Electricals	17½	—	Midland Bank	290	−10
Foseco Minsep	147	−20	Polly Peck	547	+17
Grand Met.	282	+3	President Brand	£19⅝	−⅝
Hawker Siddeley	336	−22	Vaal Reefs	£41½	−⅞
Link House	270	+37	Woolworth	71	—

WORLD VALUE OF THE POUND

The table below gives the latest available rates of exchange for the pound against various currencies on September 27 1982. In some cases rates are nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling/dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non-commercial rate; (o) official rate; (sg) selling rate.

PLACE AND LOCAL UNIT		VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	10.00
Algeria	Dinar	7.95
Andorra	French Franc	12.17
	Spanish Peseta	186.60
Angola	Kwanza	(cm) 51.5585
Antigua	E. Caribbean $	4.59
Argentina	Ar. Peso	(om) 47,935
Australia	Australian $	1.7840
Austria	Schilling	30.345
Azores	Portug'se Escudo	149.45
Bahamas	Ba. Dollar	1.6975
Bahrain	Dinar	0.641
Balearic Isles	Spa. Peseta	193.60
Bangladesh	Taka	38.00
Barbados	Barbados $	3.3950
Belgium	B. Franc	(com) 83.25 (fn) 88.65
Belize	B $	3.3950
Benin	C.F.A. Franc	608.5
Bermuda	Bda $	1.6975
Bhutan	Indian Rupee	16.46
Bolivia	Bolivian Peso	n.a.
Botswana	Pula	1.8850
Brazil	Cruzeiro	351.93
Brit. Virgin Isles	U.S. $	1.6975
Brunei	Brunei $	3.7675
Bulgaria	Lev	1.6590
Burma	Kyat	13.835
Burundi	Burundi Franc	154.93
Cameroon Republic	C.F.A. Franc	608.5
Canada	Canadian $	2.0950
Canary Islands	Spanish Peseta	193.60
Cape Verde Isle	Cape V. Escudo	99.00
Cayman Islands	Cay. Is. $	1.4185
Cent. Afr. Republic	C.F.A. Franc	608.5
Chad	C.F.A. Franc	608.5
Chile	C. Peso	107.20
China	Renminbi Yuan	3.3519
Colombia	C. Peso	(F) 111.69
Comoro Islands	C.F.A. Franc	608.5
Congo (Brazzaville)	C.F.A. Franc	608.5
Costa Rica	Colon	(U) 91.665
Cuba	Cuban Peso	1.4130
Cyprus	Cyprus £	0.845
Czechoslovakia	Koruna	(com) 10.20 (nc) 18.61 (t) 18.20
Denmark	Danish Krone	15.025
Djibouti	Fr.	300
Dominica	E. Caribbean $	4.59
Dominican Repub.	Dominican Peso	1.6975
Ecuador	Sucre	(O) 56.42 (F) 95.95
Egypt	Egyptian £	(A) 1.43
Equatorial Guinea	Ekuele	(P) 3.4600
Ethiopia	Ethiopian Birr	[illegible]
Falkland Islands	Falkland Is £	1.0
Faroe Islands	Danish Krone	15.025
Fiji Islands	Fiji $	1.6368
Finland	Markka	8.2065
France	French Franc	12.17
French C'ty in Af	C.F.A. Franc	608.5
French Guiana	Local Franc	12.17
French Pacific Is.	C.F.P. Franc	910 (ag)
Gabon	C.F.A. Franc	608.5
Gambia	Dalasi	4.305
Germany (East)	Ostmark	4.205
Germany (West)	Deutsch Mark	4.205
Ghana	Cedi	4.59
Gibraltar	Gibraltar £	1.0
Greece	Drachma	121.3305
Greenland	Danish Kroner	15.025
Grenada	E. Caribbean $	4.59
Guadaloupe	Local Franc	12.17
Guam	U.S. $	1.6975
Guatemala	Quetzal	1.6975
Guinea Republic	Syli	38.85
Guinea Bissau	Peso	59.25
Guyana	Guyanese $	5.1018
Haiti	Gourd	8.4875
Honduras Repub.	Lempira	3.4200
Hong Kong	H.K. $	10.54
Hungary	Forint	65.702
Iceland	I. Krona	24.794
India	Ind. Rupee	16.46
Indonesia	Rupiah	1,139.25
Iran	Rial	145.80 (sg)
Iraq	Iraq Dinar	0.502
Irish Republic	Irish £	1.2340
Israel	Shekel	46.90
Italy	Lira	2,418.0
Ivory Coast	C.F.A. Franc	608.5
Jamaica	Jamaica Dollar	3.0275
Japan	Yen	456.75
Jordan	Jordan Dinar	0.604
Kampuchea	Riel	2,037.5
Kenya	Kenya Shilling	18.58
Kiribati	Australian $	1.7840
Korea (Nth)	Won	1.59
Korea (Sth)	Won	1,273.25
Kuwait	Kuwait Dinar	0.49575
Laos	New Kip	16.975
Lebanon	Lebanese £	7.9950
Lesotho	Loti	1.95325
Liberia	Liberian $	1.6975
Libya	Libyan Dinar	0.5025
Liechtenstein	Swiss Franc	3.6650
Luxembourg	Lux Franc	83.25
Macao	Pataca	10.81
Madeira	Portug'se Escudo	149.45
Malagasy Republic	MG Franc	639.40
Malawi	Kwacha	1.81
Malaysia	Ringgit	4.0390
Maldive Islands	Rufiyaa	12.83
Mali Republic	Mali Franc	1,217.0
Malta	Maltese £	0.731
Martinique	Local Franc	12.17
Mauritania	Ouguiya	87.25
Mauritius	M. Rupee	19.03
Mexico	Mexican Peso	(A) 119.17 84.876
Miquelon	C.F.A. Franc	608.0
Monaco	French Franc	12.17
Mongolia	Tugrik	(c) 5.63
Montserrat	E. Caribbean $	4.59
Morocco	Dirham	10.36
Mozambique	Metical	61.65
Nauru	Australian Dollar	1.7840
Nepal	Nepalese Rupee	22.45
Netherlands	Guilder	4.71
Netherland Antilles	Antillian Guilder	3.0385
New Zealand	N.Z. Dollar	2.2565
Nicaragua	Cordoba	17.025
Niger Republic	C.F.A. Franc	608.5
Nigeria	Naira	1.158583 (sg)
Norway	Norway Krone	11.8835
Oman Sul'ate of	Rial Omani	0.586
Pakistan	Pakistan Rupee	20.70
Panama	Balboa	1.6975
Papua N. Guinea	Kina	1.3115
Paraguay	Guarani	(f) 272.40
Peru	Sol	exc(A) 1,258.33
Philippines	Philippine Peso	15.42
Pitcairn Islands	£ Sterling / New Zealand $	2.2565
Poland	Zloty	(c)m 148.36
Portugal	Portug'se Escudo	149.45
Puerto Rico	U.S. $	1.6975
Qatar	Qatar Ryal	6.195
Reunion Ile de la	French Franc	12.17
Romania	Leu	(c)m 7.66
Rwanda	Rwanda Franc	161.56
St. Christopher	E. Caribbean $	4.59
St. Helena	St. Helena £	1.0
St. Lucia	E. Caribbean $	4.58
St. Pierre	Local Franc	12.17
St. Vincent	E. Caribbean $	4.59
Salvador El	Colon	4.2375
Samoa American	U.S. $	1.6975
San Marino	Italian Lira	2,415.0
Sao Tome & Prin.	Dobra	71.36
Saudi Arabia	Ryal	5.8525
Senegal	C.F.A. Franc	608.5
Seychelles	S. Rupee	11.25 (ag)
Sierra Leone	Leone	2.1684
Singapore	Singapore $	3.7275
Solomon Islands	Solomon Is. $	1.8266
Somali Republic	Somali Shilling	n.a.
South Africa	Rand	1.95325
South West African Territories	S.A. Rand	1.95325
Spain	Peseta	193.60
Spanish ports in North Africa	Peseta	193.60
Sri Lanka	S. Rupee	36.40
Sudan Republic	Sudan £	1.0975
Surinam	S. Guilder	3.0585
Swaziland	Lilangeni	1.95325
Sweden	S. Krona	10.70
Switzerland	Swiss Franc	3.6650
Syria	Syria £	[illegible]
Taiwan	New Taiwan $	66.45
Tanzania	Tan. Shilling	16.13
Thailand	Baht	39.00
Togo Republic	C.F.A. Franc	608.5
Tonga Islands	Pa'anga	1.7840
Trinidad	Trinidad & Tob. $	4.0740
Tunisia	Tunisian Dinar	1.0685
Turkey	Turkish Lira	299.09
Turks & Caicos	U.S. $	1.6975
Tuvalu	Australian $	1.7840
Uganda	Uganda Shilling	170.60
United States	U.S. Dollar	1.6975
Uruguay	Uruguay Peso	(icm) 22.34
Utd. Arab Emirates	U.A.E. Dirham	6.2305
U.S.S.R.	Rouble	1.2650
Upper Volta	C.F.A. Franc	608.5
Vanuatu	Vatu / Aust. Dollar	[illegible]
Vatican	Italian Lira	2,410.0
Venezuela	Bolivar	7.31
Vietnam	Dong	[illegible]
Virgin Islands U.S.	U.S. Dollar	1.6975
Western Samoa	Samoan Tala	2.14
Yemen (Nth)	Ryal	7.76 (sg)
Yemen (Sth)	S. Yemen Dinar	0.5855
Yugoslavia	New Y Dinar	87.6775
Zaire Republic	Zaire	10.081
Zambia	Kwacha	1.5935
Zimbabwe	Zimbabwe $	1.3050

*That part of the French community in Africa formerly French West Africa or French Equatorial Africa. † Rupees per pound. ‡ General rates of oil and iron exports 71.20. ¶ Rate is the transfer market (controlled). ‖ Now one official rate. (U) United rate. Applicable on all transactions except countries having a bilateral agreement with Egypt and who are not members of IMF. (‖) Based on gross rates against Russian rouble. (1) Parallel exchange rate for essential imports. (2) Exports, non-essential imports and transfer. (3) Essential goods. (4) Preferential rate for priority imports such as foodstuffs. (5) Non-essential imports and private sector applicants.

CURRENCIES and MONEY

Dollar at new peaks

The dollar rose to record levels in currency markets yesterday, with demand reflecting the recent political uncertainties in West Germany. The switch into dollars pushed it to its best level since August last year against the D-mark and Swiss franc and a five-year high against the Japanese yen. It was also at record levels in terms of the French franc and Italian lira.

Sterling was slightly firmer overall, falling against the dollar but improving against European currencies.

DOLLAR — Trade-weighted index (Bank of England) 123.5 against 123.1 on Friday and 115.7 six months ago. Three-month Treasury bills 7.55 per cent (12.86 per cent six months ago). Annual inflation 6.5 per cent (7.1 per cent previous month)—The dollar rose to DM 2.5360 against the D-mark up from DM 2.5145 and SwFr 2.1755 from SwFr 2.1645. It finished at a record high of FFr 7.1695 against the French franc from FFr 7.0950 on Friday and L1.423½ from L1.415. Against the yen it touched a five-year high at Y269.07½ from Y266.35.

STERLING — Trade weighted index 91.9 against 91.9 at noon and the opening and 91.8 on Friday (90.9 six months ago). Three-month interbank 10⅞ per cent (13⅜ per cent six months ago). Annual inflation 8.0 per cent (8.7 per cent previous month—Sterling opened at $1.6990 against the dollar and rose to a best level of $1.7040 before coming back to trade at $1.7025 for much of the day. It finished lower as dollar demand increased, finishing at $1.6970-$1.6980, a fall of 1.05c. Against the D-mark it rose to DM 4.3050 from DM 4.2950 and FFr 12.17 from FFr 12.1175. It was slightly weaker against the Swiss franc at SwFr 3.6925 from SwFr 3.6950.

D-MARK — EMS member (second weakest). Trade weighted index 125.0 against 125.2 on Friday and 123.5 six months ago. Three-month interbank 8.875 per cent (9.525 per cent six months ago). Annual inflation 5.1 per cent (5.6 per cent previous month). — The dollar was fixed at its best level for over a year in Frankfurt, benefiting from recent political uncertainties in Germany, to be fixed at DM 2.5320 up from Friday's figure of DM 2.5045. The Bundesbank sold DM 65.4m at the fixing in an effort to stem the rise. Sterling was also higher at DM 4.3050 compared with DM 4.2940 while the Swiss franc improved marginally to DM 1.1659 from DM 1.1647.

JAPANESE YEN — Trade weighted index 127.9 against 128.0 on Friday and 133.7 six months ago. Three-month bills 7.21875 per cent (6.53125 per cent six months ago). Annual inflation 1.7 per cent (2.2 per cent previous month). — The yen fell sharply against the dollar in Tokyo yesterday. The fall was mostly a reflection of strong dollar demand and the U.S. unit closed at Y268.40, its best level for over five years and well up from Friday's figure of Y265.67½. It touched a best level of Y268.60 during the day and intervention in support the yen by the Bank of Japan estimated at up to $200m appeared to have only a limited effect in the face of such strong dollar demand. Foreign exchange losses by Dai-Ichi Kangyo Bank also had a depressing effect on the yen. The dollar was also firm against the D-mark and so the yen/D-mark rate was virtually unchanged at Y106.12.

THE POUND SPOT AND FORWARD

Sept 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.6920-1.7040	1.6970-1.6980	0.06-0.11c dis	-0.60	0.42-0.52dis	-1.11
Canada	2.0930-2.1030	2.0940-2.0950	0.40-0.50c dis	-2.58	1.40-1.50dis	-2.77
Nethlnd.	4.70-4.73	4.70¼-4.71¼	1¼-1c pm	3.18	3¼-3⅛ pm	3.08
Belgium	83.15-83.58	83.20-83.30	10-20c dis	-2.16	50-60 dis	-2.54
Denmark	15.01-15.08	15.02-15.03	3⅛-1⅛ore dis	-8.29	21⅛-23 dis	-5.94
Ireland	1.2550-1.2620	1.2573-1.2583	0.37-0.50p dis	-4.15	1.58-1.73dis	-5.23
W. Ger.	4.29-4.32¼	4.30-4.31	1¼-¾pf pm	2.14	3½-3 pm	3.02
Portugal	148.00-150.50	149.20-149.70	150-350c dis	-20.48	375-1050dis	-19.07
Spain	193.50-194.30	193.50-193.70	140-175c dis	-9.76	575-635dis	-12.50
Italy	2412-2424	2415-2417	14-17lire dis	-7.70	42-56 dis	-8.02
Norway	11.82-11.89	11.82¼-11.83¼	2¼-3½ore dis	-3.17	11¾-12½ dis	-4.10
France	12.12-12.18	12.16¼-12.17¼	8¼-8¾c dis	-7.15	25½-27½ dis	-8.78
Sweden	10.65¼-10.70¼	10.65¼-10.66¼	3¾-4½ore dis	-4.57	11¾-12½ dis	-4.55
Japan	454-459	456¼-457¼	1.45-1.25y pm	3.55	3.95-3.75 pm	3.37
Austria	30.15-30.35	30.22-30.27	8¾-6¼gro pm	2.78	20½-16¼ pm	2.38
Switz.	3.67¼-3.71	3.68¼-3.69¼	2½-1¼c pm	6.91	6¼-5¼ pm	6.38

Belgian rate is for convertible francs. Financial franc 86.00-86.70. Six-month forward dollar 1.33-1.39c dis. 12-month 3.10-3.25c dis.

THE DOLLAR SPOT AND FORWARD

Sept 27	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.6970-1.7040	1.6970-1.6980	0.06-0.11c dis	-0.60	0.42-0.52dis	-1.11
Ireland†	1.3440-1.3530	1.3440-1.3450	0.45-0.35c pm	3.55	1.13-1.03 pm	3.20
Canada	1.2340-1.2355	1.2345-1.2350	0.23-0.26c dis	-2.38	0.49-0.53dis	-1.65
Nethlnd.	2.7670-2.7785	2.7745-2.7765	0.90-0.80c pm	9.68	2.90-2.80 pm	4.11
Belgium	48.95-49.05	49.03-49.05	4-8c dis	-1.22	15-19 dis	-1.39
Denmark	8.8210-8.8860	8.8830-8.8860	5.45-5.95ore dis	-7.73	10.50-11.50dis	-4.97
W. Ger.	2.5265-2.5365	2.5355-2.5365	0.77-0.72pf pm	3.52	2.58-2.53 pm	4.03
Portugal	87.95-89.30	88.00-88.30	100-300c dis	-19.06	300-900dis	-17.92
Spain	113.85-114.40	114.30-114.40	75-85c dis	-8.42	290-320dis	-10.70
Italy	1420-1423½	1422½-1423½	7¾-8½lire dis	-6.86	27-29 dis	-7.87
Norway	6.9675-6.9870	6.9750-6.9800	1.40-1.80ore dis	-2.75	5.15-5.55dis	-3.07
France	7.1200-7.1770	7.1670-7.1700	2.40-2.90c dis	-4.12	12.25-13.25dis	-7.20
Sweden	6.2750-6.3000	6.2900-6.3000	1.95-2.15ore dis	-3.92	5.00-5.70dis	-3.57
Japan	267.70-269.40	268.00-268.20	0.90-0.80y pm	4.13	3.00-2.92 pm	4.41
Austria	17.77-17.86	17.84-17.85	5.30-4.20gro pm	3.24	10.50-14.00pm	3.43
Switz.	2.1690-2.1765	2.1750-2.1760	1.36-1.28c pm	7.28	4.07-3.99 pm	7.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 51.00-51.10.

CURRENCY MOVEMENTS

Sept. 27	Bank of England Index	Morgan Guaranty Changes%
Sterling	91.9	-31.7
U.S. dollar	123.5	+15.3
Canadian dollar	90.4	-17.5
Austrian schilling	117.4	+27.0
Belgian franc	93.7	-8.1
Danish kroner	81.3	-14.9
Deutsche mark	125.0	+40.9
Swiss franc	144.3	+94.8
Guilder	117.1	+24.3
French franc	75.5	-15.4
Lira	53.5	-58.4
Yen	127.9	+21.6

Based on trade weighted changes from Washington agreement December 1971. Bank of England Index (base average 1975=100).

CURRENCY RATES

Sept. 27	Bank rate %	Special Drawing Rights	European Currency Units
Sterling	—	0.650530	0.566386
U.S. dollar	10	1.07291	0.956563
Canadian $	13.18	—	1.14834
Austrian Sch.	6¾	19.1048	16.8547
Belgian F.	12½	49.5807	45.6348
Danish Kr.	11	9.49794	8.40089
D mark	7	2.71001	2.33019
Guilder	7	2.87808	2.57704
French Fr.	9½	7.69510	6.96483
Lira	19	1526.76	1326.16
Yen	5½	287.111	256.570
Norwgn. Kr.	9	7.47920	6.69233
Spanish Pta.	8	123.614	109.149
Swedish Kr.	10	6.75027	5.96799
Swiss Fr.	5	2.32850	2.03044
Greek Dr'ch	20½	77.1100	66.8423

* CS/SDR rate for Sept 24: 1.32532.

OTHER CURRENCIES

Sept. 27	£	$		Note Rates
Argentina Peso	47,925†	28,150†	Austria	30.05-30.35
Australia Dollar	1.7830-1.7850	1.0505-1.0515	Belgium	96.10-87.10
Brazil Cruzeiro	351.43-352.43	206.20-207.20	Denmark	14.96-15.11
Finland Markka	8.1985-8.2175	4.8410-4.8430	France	12.10-12.20
Greek Drachma	119.406-123.054	71.65-71.95	Germany	4.29-4.33
Hong Kong Dollar	10.53-10.55	6.1950-6.2050	Italy	2390-2430
Iran Rial	145.85*	95.10*	Japan	457-461
Kuwait Dinar (KD)	0.49545-0.49580	0.2919-0.2915	Netherlands	4.68-4.72
Luxembourg Fr.	83.20-83.30	49.03-49.05	Norway	11.82-11.92
Malaysia Dollar	4.0223-4.0426	2.3720-2.3770	Portugal	140-155
New Zealand Dlr.	2.3340-2.3390	1.3580-1.3910	Spain	190-203
Saudi Arab. Riyal	5.8515-5.8570	3.4390-3.4400	Sweden	10.65-10.75
Singapore Dollar	3.7325-3.7435	2.1885-2.1915	Switzerland	3.67½-3.71
Sth. African Rand	1.9820-1.9835	1.1800-1.1815	United States	1.69¼-1.71
U.A.E. Dirham	6.2460-6.2550	3.6710-3.6740	Yugoslavia	117-130

† Rate shown for Argentina is commercial. Financial rate 66,334-66,374 against sterling, 38,950-39,000 against dollar. * Selling rate.

EMS EUROPEAN CURRENCY UNIT RATES

	ECU central rates	Currency amounts against ECU September 27	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9704	45.6348	+1.48	+1.10	±1.5501
Danish Krone	8.23400	8.24944	+0.19	-0.19	±1.6430
German D-Mark	2.33379	2.35619	+0.96	+0.58	±1.0888
French Franc	6.61387	6.65425	+0.61	+0.23	±1.3940
Dutch Guilder	2.57971	2.57786	-0.08	-0.46	±1.5004
Irish Punt	0.691011	0.685306	-0.25	-0.62	±1.6691
Italian Lira	1350.27	1324.19	-1.93	-1.93	±4.1369

Changes are for ECU, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

EXCHANGE CROSS RATES

Sept. 27	Pound Sterling	U.S. Dollar	Deutschem'k	Japanese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.698	4.305	456.8	12.17	3.693	4.710	2416.	2.096	83.25
U.S. Dollar	0.589	1.	2.536	269.1	7.169	2.175	2.775	1423.	1.234	49.04
Deutschemark	0.232	0.394	1.	106.1	2.827	0.858	1.094	561.2	0.487	19.34
Japanese Yen 1,000	2.189	3.716	9.425	1000.	26.64	8.084	10.31	5290.	4.587	182.3
French Franc 10	0.822	1.395	3.537	375.3	10.	3.034	3.870	1985.	1.721	68.41
Swiss Franc	0.271	0.460	1.166	123.7	3.296	1.	1.276	654.3	0.567	22.55
Dutch Guilder	0.212	0.360	0.914	96.97	2.584	0.784	1.	513.0	0.445	17.68
Italian Lire 1,000	0.414	0.703	1.782	189.1	5.037	1.528	1.950	1000.	0.867	34.46
Canadian Dollar	0.477	0.810	2.055	218.0	5.809	1.763	2.248	1153.	1.	39.74
Belgian Franc 100	1.201	2.039	5.171	548.6	14.62	4.435	5.658	2902.	2.517	100.

FT LONDON INTERBANK FIXING (11.00 a.m. SEPTEMBER 27)

3 month U.S. dollars		6 month U.S. dollars	
bid 11 13/16	offer 11 15/16	bid 12 7/16	offer 12 9/16

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Sept. 27	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lire	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short term	10¾-11	10⅝-10⅞	14-15	4½-6	1½-2	7⅛-7⅞	14-14½	16¾-17¼	11½-12½	12-12½	9⅝-6⅝	22-26
7 day's notice	10½-11⅛	10⅞-11⅛	14-15	6¾-7¼	7-7¼	7⅞-7⅞	15½-16½	16½-19½	11½-12½	12¾-13½	6⅞-7	21¾-23¾
Month	10⅞-11	11¼-11½	13⅝-13⅞	7⅜-7½	4¼-4⅝	7⅝-7¾	17½-19	19¼-19	12½-13¼	12⅝-12⅝	7-7½	24¼-25¾
Three months	10⅞-10⅞	11⅝-11⅞	13⅝-15⅝	7½-7½	4¼-4⅝	7⅝-7¾	19¼-19¼	19¾-20¼	13-13¾	19⅝-18⅞	7¼-7⅝	21⅞-22⅝
Six months	10⅞-11	12⅛-12⅞	13¾-14	9⅛-8⅞	5⅞-5⅞	8½-8¼	10⅝-10⅞	21⅛-21⅝	13⅝-14⅜	13½-13⅝	7⅛-7⅝	20¼-21¾
One Year	10⅞-11	12¾-13	14⅛-14⅜	9⅝-9½	5-6¼	9⅛-9⅞	19¾-20¼	21¼-21⅞	13½-14¼	13⅝-13⅝	7½-7⅝	19½-20

SDR linked deposits one month 10⅝-11 per cent; three months 11¼-11⅞ per cent; six months 11⅞-11⅞ per cent; one year 11⅞-12⅛ per cent. ECU linked deposits one month 11⅞-11⅞ per cent, three months 11⅞-12⅛ per cent; six months 12¼-12⅝ per cent; one year 12⅛-12⅝ per cent.

Asian $ (closing rates in Singapore) one month 11¼-11¾ per cent; three months 11⅞-11⅞ per cent; six months 12⅞-12⅞ per cent; one year 12⅞-12⅞ per cent. Long-term Eurodollar two years 13½-14 per cent; three years 14-14¼ per cent; four years 14½-14⅞ per cent; five years 14¾-14⅞ per cent; nominal closing rates. Short-term rates are call for U.S. dollars, Canadian dollars and Japanese yen; others two days' notice.

The following rates were quoted for London dollar certificates of deposit: one month 10.50-10.60 per cent; three months 11.05-11.15 per cent; six months 11.50-11.60 per cent; one year 12.20-12.40 per cent.

MONEY MARKETS

Bank cuts dealing rates

UK clearing bank base lending rate 10½ per cent (since August 30 and 31)

Another cut in clearing bank base rates may have come a step nearer following the action of the Bank of England in the London money market yesterday, although it is fairly clear that the banks would like to see the cost of short-term money reduced before they move. Despite a very large shortage of £850m the Bank of England cut its dealing rates by ⅛ per cent, but did not give enough help to the market when buying £738m bills, partly for resale at a future date. The failure to provide enough assistance was probably as much a measure of lack of market liquidity as a sign of the discount houses' reluctance to part with paper on the prospect of falling interest rates.

In the morning the Bank of England forecast a shortage of £90m; and before lunch gave assistance of £656m, including outright purchases of £337m bank bills. Another £317m bills were bought for resale in the market on November 3 at rates of 10⅜-10⅞ per cent. The outright purchases were by way of £43m bills in band 1 (up to 14 days maturity) at 10⅜-10½ per cent; £234m bills in band 2 (15-33 days) at 10⅜-10½ per cent; £18m bills in band 3 (34-63 days) at 10¼-10⅞ per cent; and £42m bills in band 4 (64-84 days) at 10¼-10⅞ per cent.

In the afternoon the authorities gave a further £82m of help, including £77m bills bought outright, through £1m Treasury bills in band 2 at 10⅜ per cent; £74m bank bills in band 2 at 10⅜ per cent; and £2m bank bills in band 3 at 10¼ per cent.

The assistance was completed when the Bank of England bought £5m bills at 10⅜ per cent, which will be resold to the market on November 3. Discount houses buying rates for eligible bills fell on the news of the cut in official dealing rates, but continued large day-to-day shortages are keeping short-term interbank rates firm, with seven-day at 10⅞-11⅛ per cent, against 10⅞-11 per cent.

In Paris the Bank of France lowered its money market intervention rate for the first time since August 30. The central bank indicated that it will buy first category paper today maturing on October 5, at a rate of 13¾ per cent, compared with the previous intervention rate of 14 per cent. Earlier in the morning the official call money rate was cut to 14 per cent from 14¼ per cent, amid rumours of tighter French exchange controls, but these were later denied by Government sources.

In Frankfurt call money firmed to 7.85-7.90 per cent, from 7.80 per cent, but the market was little influenced by the result of the Hesse State election. The firmer tone was mainly due to technical considerations including end of month payments.

In Amsterdam official call money was reduced to 5.5 per cent from 7.25 per cent, reflecting an increase in money market liquidity, because of Government disbursements. The rate was last cut on August 27 from 8.25 per cent.

EUROCURRENCIES

$ rates steady

Eurodollar interest rates were steady in quiet trading. Rates moved up about 1/16 per cent in the morning, but returned to Friday's closing levels in the afternoon. Eurosterling rates fell by about 1/16 per cent following the cut in Bank of England money market dealing rates, and Euro French franc rates also had an easier tone. This resulted from the decline of Paris domestic rates as the Bank of France cut its money market intervention rate by ¼ per cent, and the official call money rate by ¼ per cent. Short-term Euro-guilder rates also fell after the Dutch National Bank reduced the interest rate on official call money. Euro Belgian franc rates had a slightly softer tone, despite the recent fall of the Belgian franc to the bottom of the European Monetary System.

MONEY RATES

NEW YORK	
Prime rate	13½
Fed funds (lunch-time)	10⅛-10½
Treasury bills (13-week)	7.57
Treasury bills (26-week)	9.08
GERMANY	
Lombard	7.0
Overnight rate	7.90
One month	7.925
Three months	8.075
Six months	8.20
FRANCE	
Intervention rate	13.75
Overnight rate	14
One month	14
Three months	14
Six months	14.0625
JAPAN	
Discount rate	5.5
Call (unconditional)	7.09375
Bill discount (three-month)	7.21875

LONDON MONEY RATES

Sept. 27 1982	Sterling Certificate of deposit	Interbank	Local Authority deposits	Local Auth. negotiable bonds	Finance House Deposits	Company Deposits	Discount Market Deposits	Treasury Bills ♦	Eligible Bank Bills ♦	Fine Trade Bills ♦
Overnight	—	10-12	10⅞-11	—	—	10¾-11¼	10-10¾	—	—	—
2 days notice	—	—	10⅞	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	10⅞-11⅛	10⅞	—	—	—	10⅝-10⅝	—	—	—
One month	10⅜-10⅜	10⅝-11⅛	11⅛	11½-11⅛	11	11⅛-11¼	10¼-10½	10⅜	10⅜-10⅞	11⅛
Two months	10¾-10⅝	10⅞-11⅛	10⅞	11¼-11	11	11¼	10-10¼	10⅞	10⅞-10⅞	10⅞
Three months	10⅜-10⅞	10⅞-11	10⅞	11⅛-10⅞	10⅞	11¼	9.87⅛	9⅞-9⅞	9⅞	10⅞
Six months	10⅞-10⅞	10⅞-11	10¾	10-9¾	10⅞	11¼	—	—	9⅞-9⅞	10½
Nine months	10⅞-10⅞	10⅞-11	—	10¾-10½	10⅞	—	—	—	—	—
One year	10⅞-10⅞	10⅞-11	10⅞	10⅝-10⅝	10⅞	—	—	—	—	—
Two years	—	—	11⅞	—	—	—	—	—	—	—

ECGD Fixed Rate Sterling Export Finance. Scheme IV Average Rate for interest period 4 August to 7 September 1982 (inclusive): 11.097 per cent.

Local authorities and finance houses seven days' notice, others seven days fixed. Long-term local authority mortgage rates, nominally three years 11⅞ per cent; four years 11½ per cent; five years 11¾ per cent. ♦Bank bill rates in table are buying rates for prime papers. Buying rate for four-month bank bills 9⅞ per cent; four-month trade bills 10⅝ per cent.

Approximate selling rate for one month Treasury bills 10¼-10⅝ per cent; two months 9⅞ per cent and three months 9⅞-9⅞ per cent. Approximate selling rate for one month bank bills 10¼-10⅞ per cent; two months 9⅞-10 per cent and three months 9⅞-9⅞ per cent; one month trade bills 10⅞ per cent; two months 10⅞ per cent; three months 10⅞ per cent.

Finance Houses Base Rates (published by the Finance Houses Association) 12 per cent from September 1 1982. London and Scottish Clearing Bank Rates for lending 10½ per cent. London Clearing Deposit Rates for sums at seven days' notice 7½-7⅞ per cent. Treasury Bills: Average tender rates of discount 9.9670 per cent. Certificate of Tax Deposit (Series 5) 11 per cent from August 18. Deposits withdrawn for cash 9 per cent.

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED TRUSTS

هكذا من الأصل

INSURANCES

INSURANCE & OVERSEAS MANAGED FUNDS

OFFSHORE AND OVERSEAS

Quest Fund Man. (Jersey) Ltd.
P.O. Box 194, St. Helier, Jersey. 0534 27441.

Quest Stlg. Fxd. Int.	[illegible]	[illegible]	.....	[illegible]
Quest Intl. Secs.	[illegible]	[illegible]	.....	1.28
Quest Intl. Bd.	[illegible]	[illegible]	.....	[illegible]

Prices on Sept 22. Next dealing Sept 29.

Quilter/Heinold Commodities
31-45, Gresham Street, EC2V 7LH. 01-600 4177

Resc. Fd Int. Sept 1	[illegible]	[illegible]	.....	1.94

Next dealing date Oct. 1

RBC Investment Managers Limited
PO Box 246, St. Peter Port, Guernsey. 0481-23021.

Intl. Income Fd.	[illegible]	9.99	.....	—
Intl. Capital Fd.	[illegible]	[illegible]	.....	—
North America Fd.	[illegible]	4.79	.....	—

Raminco Managers Ltd.
P.O. Bx. 1549, Hmltn. Bermuda. (809-29) 2-7979

Raminco Sept. 6	[illegible]	9.13	.....	—

Richmond Life Ass. Ltd.
4 Hill Street, Douglas, I.O.M. 0624 29914

Coin Trust	32.7	35.0	.....	—
Diamond Bond	67.6	72.4		—
Gold Bond	[illegible]	[illegible]	-16.0	—
Managed Fund	139.9	149.9	.....	—
Petroman Oil Trust	101.6	107.9	.....	13.98
Do. $	[illegible]	[illegible]	.....	13.98
Sapphire Trust	164.6	176.8	.....	—
Silver Trust	195.1	206.4	-0.9	—
Sterling Deposit Bd.	153.28	161.39	.....	9.28
UK Gilt Fund	151.9	161.4	-0.5	—

Rothschild Asset Management (C.I.)
P.O. Box 58, St. Julians Ct., Guernsey. 0481-26741.

O.C. America Fd.*	[illegible]	2.45	.....	[illegible]
O.C. Sm. Co.**	144.1	153.2	.....	[illegible]
O.C. Commodity†	79.0	83.7	.....	3.55
O.C. Dir. Comdty.*	[illegible]	[illegible]	.....	2.98
O.C. Hong Kg. Fd††	[illegible]	36.06	.....	—

**O.C. International Reserves Limited

Bel. Francs (Fin.)	725.39	Italian Lira	31,531
Canadian $	[illegible]	Singapore $	[illegible]
D-Mark	[illegible]	£ Sterling	[illegible]
Dutch Guilder	[illegible]	Swiss Francs	44.731
French Francs	130.77	U.S. $	27.155

*Prices on Sept 21. Next dealing Oct 7.
†Prices on Sept 14. Next dealing Sept 30.
**Daily dealings. ***Sept 15. Next dealing Sept 30.

Save & Prosper International

...

SMT Ltd Sept 25	[illegible]	12.75	.....	2.92
Merc Iran Sept. 24	[illegible]	15.55	+0.07	2.70

Wardley Investment Services Ltd.
4th Floor, Hutchison House, Hong Kong

Wardley Trust	[illegible]	26.50	.....	5.28
Wardley Nikko As. Fd.	$32.45	33.69	.....	3.38
Wardley Bond Trust	$10.01	10.20	.....	8.92
Wardley Japan Trust	$14.20	14.71	.....	1.22

World Wide Growth Management⊕
10a, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$10.64	+0.04	—

Inv. Adv.: M. & G. Inv. Mngt., Ltd., London.

Wren Commodity Management Ltd.
10, St. George's St., Douglas IoM 0624 25015

Wren Com. Fund	32.4	33.8	.....	6.60
Chinese Fund	58.7	61.1	.....	[illegible]
Precious Metal Fund	136.6	142.3	.....	[illegible]
Vanguard Comdy. Fd.	39.6	40.6	.....	[illegible]
Financial Futures Fd.	97.1	101.1	.....	—
Wren Intl. Fnd.*	$0.770	0.801	.....	—

NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % (shown in last column) allow for all buying expenses. a Offered prices include all expenses. b Today's prices. c Yield based on offer price. d Estimated. g Today's opening price. h Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. x Offered price includes all expenses except agent's commission. y Offered price includes all expenses if bought through managers. z Previous day's price. § Guernsey gross. # Suspended. ◆ Yield before Jersey tax. † Ex-subdivision. ‡‡ Only available to charitable bodies.

FT SHARE INFORMATION SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
100	94⅞	Exch. 8¼pc 1983	99¾	......	8.77	9.36
97⅞	91	Exch. 3pc 1983	97⅞	......	3.07	8.44
101⅛	95¾	Treasury 12pc 1983‡‡	101⅛	......	11.87	9.55
100¼	92⅞	Treasury 9¼pc '83	99½	......	9.30	9.84
104⅛	96⅞	Exch. 13½pc '83	103½	......	13.04	10.09
101	91⅞	Exch. 10pc 1983	100	......	10.00	9.93
96½	87⅞	Funding 5½pc '82-84‡‡	96½	......	5.78	8.35
103⅝	91⅞	Exch. 11¼pc 1984	102	......	11.03	9.62
107⅛	96⅜	Exchequer 14pc 1984	105	......	13.33	10.56
93¾	81¼	Exch. 3pc 1984	92½	......	3.24	7.55
104½	91½	Treasury 12pc 1984	103xd	......	11.65	10.30
110⅛	96⅛	Treasury 15pc 1985	108⅝	......	13.81	10.78
107⅝	89½	Exch. 12pc Cnv. '85	104⅝xd	+⅛	11.47	9.87
90	73½	Treasury 3pc 1985	88½	......	3.39	7.09
104¼	87½	Treasury 11½pc 1985	102¼	+¼	11.25	10.32
105⅛	88⅞	Exch. 12¼pc 1985	103½	+¼	11.84	10.86
104¼	86⅛	Exch. 11¾pc '86	102½	+⅜	11.46	10.82
87¼	69	Treasury 3pc 1986	85¾	......	3.50	7.54
104⅞	86¾	Treasury 12pc '86	103½	+⅛	11.59	10.80
96¼	80⅞	Treasury 8¼pc '84-86‡‡	96½	......	8.81	9.45
109⅛	96¼	Treas. 12¾pc '86 Cnv.	109⅛	+⅜	11.22	9.34
111	91⅞	Exch. 14pc 1986	110¼xd	+⅛	12.70	10.85
109	90	Exch. 13¼pc 1987	108⅛	+⅛	12.25	10.20
100⅛	98¾	Exch. 10½pc 1987	99⅛	−⅜	10.58	10.71
91¼	73¾	Funding 6½pc '85-87‡‡	91¼xd	......	7.12	8.88
84¾	64½	Treasury 3pc 1987	82½	......	3.64	7.40

Five to Fifteen Years

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
107⅞	85⅞	Treas. 12pc 1987	103⅞xd	+½	11.64	11.22
95⅛	72½	Treasury 7¾pc '85-88‡‡	95⅛	+⅞	8.27	9.30
—	—	Exch 10½pc '88 (£30m)	£96	......	10.94	11.49
78½	60⅛	Transport 3pc '78-88	76¾	+½	3.97	8.45
101⅛	79⅞	Treasury 11½pc 1989	100	+½	11.64	11.74
[illegible]						

Over Fifteen Years

[illegible]

Undated

[illegible]

Index-Linked & Variable Rate

[illegible]

INT. BANK AND O'SEAS GOVT. STERLING ISSUES

[illegible]

CORPORATION LOANS

[illegible]

COMMONWEALTH AND AFRICAN LOANS

[illegible]

LOANS

Public Board and Ind.

[illegible]

LOANS—Continued

Financial

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
103⅛	95½	FFI 14pc '83	102½	−⅛	13.66	11.73
92½	80	FFI(UK Fn)6¼pcDb '81-84	92½	......	6.94	11.50
100½	82½	Do. 10¾pc Uns.Ln. '86	99xd	......	10.87	11.80
100	78	Do. 11pc Uns.Ln. '88	99xd	−½	11.11	11.20
100	78	Do. 11¾pc Uns.Ln. '90	100xd	+1	11.75	11.80
101½	82	Do. 12½pc Un. Ln. 1992	101½	......	12.34	12.30
74	54	Do. 7½pcADeb. '89-92	73½	−½	10.23	12.10
73	53	Do. 7½pcADeb. '91-94	72½	−½	10.14	11.79
81½	62	Do. 9pc 'A' '91-94	81½xd	......	11.11	12.00
77¼	57⅝	Do. 8¾pcLn. '92-97	77¼xd	+¼	11.73	12.40

Building Societies

1982 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
101	99	Nat'wide 15¾pc 29.9.82	100xd	......	—	—
101⅞	99¾	Do. 16¼pc 27.10.82	100½xd	+⅜	16.17	10.04
101	99½	Do. 15⅜pc 24.11.82	100⅜	−⅛	15.32	11.90
101¼	99¼	Do. 15¼pc 13.12.82	100½	−⅛	15.17	12.15
102	99¼	Do. 16¼pc 17.1.83	101⅛	−⅛	16.05	11.42
102¼	100	Do. 15⅝pc 7.2.83	101¼	......	15.43	12.28
101⅞	99⅝	Do. 14¼pc 14.3.83	101⅛xd	......	14.06	11.15
102¼	99⅞	Do. 14¼pc 4.4.83	101⅛xd	......	14.01	10.80
102⅞	100⅛	Do. 14¾pc 25.4.83	102⅜	......	14.41	10.50
101¾	99¾	Do. 13⅞pc 25.5.83	101½	......	13.67	11.46
102	100⅛	Do. 13¾pc 3.6.83	101¼	......	13.70	11.33
102⅛	100⅛	Do. 14pc 4.7.83	101⅝	......	13.78	11.74
101½	100⅛	Do. 13¼pc 25.7.83	101⅜	......	12.95	11.35

FOREIGN BONDS & RAILS

1982 High	Low	Stock	Price £	+ or −	Div. % Gross	Red. Yield
17	10	Chinese 4½pc 1898	15	−2	—	—
14	14p	Do. 5pc 1912	14p	−1	—	—
14	6	Do. 5pc 1913	13	−1	—	—
12	6	Do. 5pc '25 Boxer	11	−1	—	—
44	42	Greek 7pc Ass.	43	......	3½	8.25
42	40	Do. 6pc 28 Stb. Ass.	41	......	3	7.59
38	35	Do 4pc Mixed Ass.	38	......	2	5.27
35	25	Hung. '24 Ass.	27xd	......	f11.00	f10.90
[illegible]						

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS AND HIRE PURCHASE

[illegible]

BANKS & H.P.—Cont.

[illegible]

Hire Purchase, etc.

[illegible]

BEERS, WINES AND SPIRITS

[illegible]

BUILDING INDUSTRY, TIMBER AND ROADS

[illegible]

CHEMICALS, PLASTICS

[illegible]

CHEMICALS, PLASTICS—Cont.

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ELECTRICALS—Continued.

[illegible]

ENGINEERING MACHINE TOOLS

[illegible]

FOOD, GROCERIES, ETC.

[illegible]

FOOD, GROCERIES—Cont.

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

حكمة امنية الأصل

INDUSTRIALS—Continued

LEISURE—Continued

PROPERTY—Continued

INVESTMENT TRUSTS—Cont.

OIL AND GAS—Continued

MINES—Continued

Central African

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
200	75	Falcon Rh 50c	150	.....	[illegible]	10.7	6.9
31	19	Wankie Col. 25J	22	+2	[illegible]	[illegible]	7.3
21	12	Zam.Cpr.SBD0.24	14	.....	—	—	—

Australians

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
23	10	ACM 20c	[illegible]	[illegible]	—	—	—
7	[illegible]	Argosy Gold NL 25c	[illegible]	.....	—	—	—
151	54	Bond Corp.	63	–1	[illegible]	[illegible]	[illegible]
93	58	Bougainville I Kina	87	–2	[illegible]	[illegible]	[illegible]
216	147	CRA 50c	207	–7	[illegible]	—	[illegible]
20	10	Carr Boyd 20c	18	–1	—	—	—
56	22	Central Pacific	[illegible]	.....	—	—	—
380	252	Crusader Oil	353	.....	—	—	—
26	10	Cultus Pacific N L	[illegible]	.....	—	—	—
27	14	Eagle Corp 10c	[illegible]	.....	—	—	—

Tins

Miscellaneous

1982 High	Low	Stock	Price	+ or –	Div. Net	C'vr	Y'ld Gr's
40	20	Anglo-Dominion	32	–3	—	—	—
16½	12	Burma Mines 10p	13½	.....	0.55	3.0	5.8
130	27	Colby Res. Corp.	125	.....	—	—	—
292	170	Cons. Murch. 10c.	250	.....	‡Q50c	1.9	‡
8	1½	‡‡Exploura Gold	2½	.....	—	—	—
105	55	Highwood Res.	85	–2	—	—	—
255	160	Northgate C$1	225	–10	—	—	—
468	344	R.T.Z.	427	+2	16.0	1.6	5.4
£108½	£84	Do. 9½%Cv.Ln.1995-2000	£102	–½	[illegible]	23.9	F9.5
20	11	Sabina Inds. C$1	13	.....	—	—	—
44	27	‡Southwest C. 10p	39	.....	—	—	—
500	270	Tara Expln. $1	325	–58	—	—	—

NOTES

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 30 per cent and allow for value of declared distribution and rights.

- ● "Tap" Stock.
- * Highs and Lows marked thus have been adjusted to allow for rights issues for cash.
- † Interim since increased or resumed.
- ‡ Interim since reduced, passed or deferred.
- ‡‡ Tax-free to non-residents on application.
- ♦ Figures or report awaited.
- ✱ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 163(3).
- # Price at time of suspension.
- ¶ Indicated dividend after pending scrip and/or rights issue: cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress.
- ♦ Not comparable.
- ♦ Same interim: reduced final and/or reduced earnings indicated.
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ✱ Cover does not allow for shares which may also rank for dividend at a future date. No P/E ratio usually provided.
- ¶ No par value.
- ♦ Rate applicable to non-Zimbabwean residents.

‡‡ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Tax free. b Figures based on prospectus or other official estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast dividend: cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1983-84. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1982. K Figures based on prospectus or other official estimates for 1981-82. M Dividend and yield based on prospectus or other official estimates for 1983. N Dividend and yield based on prospectus or other official estimates for 1982-83. P Figures based on prospectus or other official estimates for 1982. Q Gross. T Figures assumed. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL AND IRISH STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv. 20p	42	.....
Bertrams	17#	.....
Bdg'wtr. Est. 50p	450	.....
Craig & Rose £1	£12½	.....
Finlay Pkg. 5p	30	.....
Graig Ship. £1	£21	.....
Higsons Brew	90	.....
Holt (Jos) 25p	780	.....
I.O.M. Stm. £1	80	.....
Pearce (C. H.)	£12	+½
Peel Hldgs.	157	.....
Sheff. Refrshmt	135	.....
Sindall (Wm.)	270	.....

IRISH

Exch. 15pc 1983	[illegible]	+⅛
Nat. [illegible]	[illegible]	.....
Fin. 13[illegible] 97/02	£25[illegible]	.....
Alliance Gas	103	.....
Arnott	220	.....
Carroll (P.J.)	76	.....
Concrete Prods.	61	+1
Heiton (Hldgs.)	15	.....
Ins. Corpn. Ireland	410	.....
Irish Ropes	35	.....
Jacob	73	.....
T.M.G.	5½	.....
Unidare	47	.....

OPTIONS

3-month Call Rates

Industrials	
Allied-Lyons	8
BOC Intl.	15
B.S.R.	8½
Babcock	10
Barclays Bank	42
Beecham	21
Blue Circle	48
Boots	19
Bowaters	24
Brit. Aerospace	17
B.A.T.	38
Brown (J.)	7
Burton Ord.	13
Cadburys	9
Courtaulds	8
Debenhams	7
Distillers	13
Dunlop	6½
Eagle Star	31
F.N.F.C.	4
Gen. Accident	23
Gen. Electric	65
Glaxo	42
Grand Met.	17
G.U.S. 'A'	45
Guardian	25
G.K.N.	15
Hawker Sidd.	30
House of Fraser	15
I.C.I.	24
"Imps"	3
I.C.L.	5½
Ladbroke	15
Legal & Gen.	19
Lex Service	10
Lloyds Bank	42
"Lofs"	6½
London Brick	7
Lucas Inds.	20
"Mams"	12
Mrks. & Spncr.	12
Midland Bank	30
N.E.I.	9
Nat. West. Bank	38
P & O Dfd.	14
Plessey	32
Racal Elect.	35
R.H.M.	6½
Rank Org. Ord.	20
Reed Intnl.	26
Sears	6
T.I.	15
Tesco	5½
Thorn EMI	42
Trust Houses	11
Turner & Newall	11
Unilever	55
Utd. Drapery	7
Vickers	16
Woolworths	5
Property	
Brit. Land	7½
Cap. Counties	10
Land Secs.	28
MEPC	29
Peachey	14
Samuel Props.	11
Town & City	9½
Oils	
Brit. Petroleum	26
Burmah Oil	10
Charterhall	6
KCA	14
Premier	6
Shell	30
Tricentrol	22
Ultramar	38
Mines	
Charter Cons.	20
Cons. Gold	45
Lonrho	7
Rio T. Zinc	42

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 33

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £600 per annum for each security

INSURANCES

LEISURE

MOTORS, AIRCRAFT TRADES

Motors and Cycles

Commercial Vehicles

Components

Garages and Distributors

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PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

Finance, Land, etc.

OIL AND GAS

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Finance

Diamond and Platinum

FINANCIAL TIMES

Tuesday September 28 1982

Yugoslavia asks BIS for $500m credit

By Peter Montagnon in Basle

YUGOSLAVIA HAS asked leading Western Central banks for a credit of $500m (£295m) to be provided through the Bank for International Settlements.

The request came yesterday as central bankers, at their regular monthly BIS meeting, agreed in principle a further $300m stand-by credit for Hungary.

No immediate decision was taken on the Yugoslav request. Yugoslavia would like a three-year credit. Previous central bank credits to comparably indebted countries, such as Hungary and Mexico, normally have not exceeded one year.

Yugoslavia's total foreign debt is estimated at more than $18bn. It has been trying for months to complete a $200m, 18-month credit from U.S. and Japanese banks and, although it is already working with the International Monetary Fund, it has an urgent need for new money.

The loan request to the BIS met little initial enthusiasm. Central banks on their own seem unlikely to grant a three-year credit, which would require political commitment, to support the Yugoslav economy from Western governments and their central banks.

The Hungarian credit, agreed in principle, is intended to serve as additional bridging finance till a loan from the IMF becomes available. Agreement with the IMF on an economic stabilisation package is drawing closer and could be completed next month, central bankers said yesterday.

Hungary has already received credits from the BIS and from Western central banks of $510m this year. The credits were granted after more than $1bn of foreign currency deposits were withdrawn from the Hungarian central bank during the first quarter of the year, as Western confidence in Comecon creditors almost evaporated in the wake of the Polish debt crisis.

Since then, Hungary has been slowly working its way back to financial health. It arranged a $260m credit from leading international banks this summer and, more recently, a small $30m, two-year credit facility through a small group of banks led by Banco Arabe-Español.

The BIS, known as the central banks' central bank, is emerging as an important lender to countries in financial difficulties. In August it arranged a $925m credit for Mexico at the height of that country's payments crisis. The amount was matched by a further $925m from the U.S.

Mexico has drawn very little of this credit so far. Drawings on the loan are tied to progress in its negotiation for a $4.5bn credit facility from the IMF, agreement on which is taking longer than originally expected.

● Argentina is also looking for financial assistance from Western central banks, bankers reported last night. They declined to disclose the amount sought but said it was more than the $500m loan requested by Yugoslavia.

The money would be bridging finance before any Argentine agreement with the IMF on its SDR 1.3bn (£766m) credit request, but the request to the central banks was not a big talking-point at the BIS meeting here yesterday.

GAS, ELECTRICITY, WATER STRIKES LIKELY

Health unions plan to widen action

BY JOHN LLOYD, LABOUR EDITOR, IN BLACKPOOL

MR ALBERT SPANSWICK, general secretary of the Confederation of Health Service Employees and chairman of the TUC health services committee, said yesterday that the health unions were likely to propose a series of public utility stoppages at their meeting today with Mr Len Murray, the TUC general secretary.

Mr Spanswick, speaking after addressing the Labour Party conference in Blackpool on the health dispute, said that the meeting would also consider further "days of action" like that mounted last week, which was deemed a success by the unions.

He said: "We are asking unions in the health service with non-health service members to see how far they can go."

The stoppages could include gas, electricity and water supply. Mr Spanswick said that such stoppages were likely if the Government did not improve its present offer of 6 per cent to ancillary workers and 7.5 per cent to nurses.

However, union leaders involved—who include the general secretaries or their deputies of the Transport and General Workers' Union, the Amalgamated Union of Engineering Workers, the General and Municipal Workers' Union, the Electrical and Plumbing Trades Union, the National and Local Government Officers' Association, and the Prison Officers' Association, among others—will be anxious to assure themselves that any action agreed by them can be carried through by the membership.

The first regional stoppage in the health service will take place next Monday on Merseyside, a traditionally militant area, to coincide with the opening of the Conservative Party conference.

Mr Spanswick defended his recent talks with Mr Norman Fowler, the Social Services Secretary, over the Government's pay offer which were criticised by the health services committee because they were kept secret from other members.

Mr Spanswick said he would take part in further talks if the Government had a new offer to make, but that his colleagues would be kept informed. He admitted that there had been discussion within the TUC of broadening control of the dispute by involving non-health union leaders in its conduct — but said the health services committee would remain in charge at present.

He said that enthusiasm for broader action was growing among union members and warned the professional health associations, which continue talks with Mr Fowler, that they should reject any offer which did not increase the funds available this year.

No headway in nurses' pay talks, Page 9
Labour conference debate, Page 10

General Motors releases details of Spanish-assembled S car

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

GENERAL MOTORS yesterday unveiled details of its S car, the vehicle which the Transport and General Workers' Union is planning to black if it is imported into the UK. The car is the smallest GM has produced, but the most expensive to develop.

The Spanish-assembled car is to be called the Opel Corsa on the Continent but is as yet without a name for the British market, where is will be sold under the Vauxhall marque. It comes as a three-door hatchback or a two-door booted version with a choice of three engines: 1 litre, 1.2 litres or 1.3 litres.

It takes GM into a sector of the market which accounts for one quarter of West European new car sales—but has a much higher share in Spain, Italy and France, where the Corsa will be launched first. Northern Europe will have to wait until next spring.

The Corsa will compete with models such as Ford's Fiesta, the Renault R5, Fiat's 127 and its Type One, due early next year, the Volkswagen Polo and BL's Metro.

GM reckons 40,000 will be sold in West Germany next year and, if the unions do not decide to ban the vehicle, 20,000 in the UK, rising to 30,000 in 1984.

GM's British subsidiary, Vauxhall, was yesterday still awaiting formal notification of the union's decision about the ban and will study the full text before considering its next move.

In all, GM expects to sell about 197,000 Corsas throughout Western Europe next year, giving it 7.6 per cent of the expected small car market.

GM claim to have spent $2.4bn (£1.4bn) since 1978 on the S car project, together with a major expansion of its component facilities in Europe.

Among the major investments was a new assembly plant at Zaragoza in Spain, officially estimated to have cost Pts 100bn (£518m).

GM claims this is the most highly-automated plant in Europe with 140 true robots and a capacity of 270,000 cars a year. About 9,500 people will be employed at Zaragoza and a further 1,500 jobs have been created by GM's three new component plants in Spain, at Cadiz and Logrono, which between them are estimated to have cost Pts 15bn-20bn (£77m-£103m).

The other major project involved two plants, side by side near Vienna, Austria, to make engines and transmissions. The cost was estimated locally at Schs 7.8bn (£257.8m).

The Corsa was designed and engineered by GM's German subsidiary, Opel, which also designed the Spanish assembly plant. As a result, German equipment makers gained the lion's share of the contracts and supplied machinery worth DM 1bn (£235m).

Feature, Page 22
Cost of buying British, Page 8

American VW head resigns

By Richard Lambert in New York

The chief executive of Volkswagen of America resigned unexpectedly yesterday following a sharp decline in the company's U.S. sales.

Volkswagen said it had accepted "with regret" the resignation of Mr James McLernon as president and chief executive, but refused to elaborate on the reasons for his departure. Mr McLernon, 55, gave no indication of his future plans.

Mr McLernon joined Volkswagen in 1976 after 27 years with General Motors, and led it through the successful start-up of manufacturing in the U.S., which began in 1978.

However, the company is heavily dependent on one model, the Rabbit—based on the VW Golf — and its sales have plunged this year as U.S. buyers have placed less emphasis on fuel-efficient models and switched to cheaper imports.

So far in 1982 sales of the Rabbit are 44 per cent down on a year before at just over 66,000 cars. Within that total, sales of the diesel-engined model have dropped by nearly 60 per cent to 28,000.

VW has deferred indefinitely plans to bring in a second assembly plant near Detroit, after investing about $130m (£77m) in the project. Both Ford and Chrysler have expressed some interest in the new plant, but no sale has been concluded. VW has also delayed the opening of a parts plant in Canada.

Some 1,800 of the company's 10,000 U.S. employees are laid off, and the manufacturing plant has been closed for a total of 20 weeks so far this year in order to keep stock levels down.

International Energy Agency in secret probe into gas supplies

BY RAY DAFTER, ENERGY EDITOR

THE International Energy Agency is conducting an urgent and secret study into the security of gas supplies to its 21 member countries.

There is concern among some energy officials that a number of countries, particularly in Europe, could become as vulnerable to disruption in gas supplies as they have been to upheavals in the oil market.

The prime mover behind the study is the Reagan Administration, which is particularly concerned about the prospect of increasing Soviet gas exports to Western Europe following completion of the major pipeline being built from Siberia. This is still the centre of considerable international dispute.

While the study will range throughout the developed world, it will almost certainly concentrate on the European importers of Soviet gas, such as West Germany, France and Italy.

The study could lead to IEA members being urged to take precautionary measures such as:

● Increasing gas storage—perhaps on the lines of the current compulsory oil stocks, which are geared to net import levels;

● Implementing or, as in the case of the UK, continuing interruptable contracts so that suppliers can quickly suspend deliveries to some large customers in the event of supply problems;

● Increasing reserve production capacity, either in the form of partly-exploited natural gas fields or by building substitute natural gas plants based on the conversion of coal or oil.

The results of the study, due to be completed early next year, will not be published, but the recommendations are likely to be similar to those recently formulated by energy experts within the European Commission.

Studies in Brussels have shown that gas imports by the European Community could account for about 50 per cent of consumption by the early 1990s. In the early 1970s the EEC needed hardly any imported gas but imports now account for something less than 30 per cent of consumption.

A report to be considered by the Council of Ministers in November suggests seven measures: the encouragement of natural gas exploration within the Community; diversification of imported supplies; encouragement of substitute natural gas research and development; use of interruptable contracts; construction of adequate storage; spare production capacity and a flexible natural gas transportation grid within the Community.

Government accused, Page 6

THE LEX COLUMN

Return of the magnificent 1/8

Those who see the Bank of England as an inveterate fixer must have been exchanging nods and winks yesterday when the official intervention rates in the bill market were reduced by ⅛ point. Quite obviously the Bank was trying to suck speculators into the scantily-paid new gilt-edged stock that it announced on Friday for subscription tomorrow. And then, given the time it takes to get the clearing banks moving, you have to start dropping money market rates now in order to produce a base rate cut in time for the Tory party conference.

These considerations may not be altogether negligible, but there are plenty of other reasons to get rates moving downwards again after the cautious pause of the past few weeks. The U.S. monetary picture looks reasonable, and the fragility of the U.S. banking system makes the sort of unpredictable tightening of Federal Reserve policy which has aborted previous attempts to lower rates in London that much less likely. Below $1.70, sterling nevertheless remains very firm indeed on a trade-weighted basis (even if that does to some extent reflect the politically wobbly D-mark).

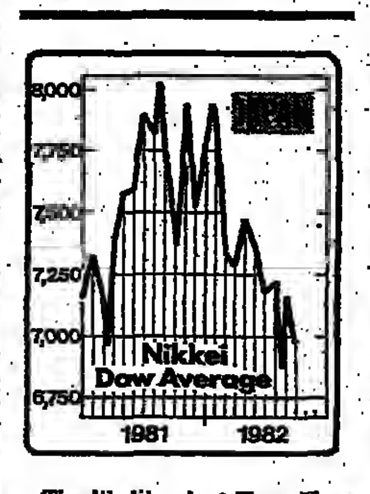
Far East markets

It was never quite clear what the Hong Kong stock market expected from Mrs Thatcher's visit to China but, whatever it was, she failed to provide it. The Hang Seng Index, giving its first verdict on the talks, dropped 83.74 points to close yesterday at 1,012.62.

As a daily movement, this rated only about 5 on the Hang Seng Richter Scale, and the market is still 8 per cent above the lows reached last month. But the inconclusive nature of the Peking talks, in which the Chinese showed no sign of weakening on the sovereignty issue, has evidently undermined confidence in the property market even further.

Confirmation that Lloyds Bank is experiencing problems with a property client only added to the gloom. Foreigners have earned a reputation for aggressive lending in the property and retail sectors. Many of their clients, particularly those dependent on development earnings, are already highly geared. Against this kind of market background, the fact that Cheung Kong may look cheap on a prospective p/e of about 4 is barely material.

Index fell 1.1 to 580.5



The likelihood of Hong Kong receiving concrete reassurance from London or Peking about the colony's future status must, for the time being, be fairly small. The only other ray of hope is a recovery in the volume of Hong Kong's foreign trade. And, despite the extreme weakness of Hong Kong's currency against the U.S. dollar, that hope looks forlorn.

A weakening currency has also helped to depress the Tokyo stock market. The Nikkei-Dow Average slipped 57.58 points to 6,975.50 yesterday as the dollar rose to threaten the Y270 level. Technically, the market is in a far stronger position than Hong Kong. Margin trading, which accelerated the steep drop in the Nikkei-Dow this time last year, is very subdued and turnover is unusually low. Moreover, roughly half of yesterday's weakness was attributable to shares going ex-dividend.

But, as in Hong Kong, there is little general buying impetus in the market. Growth areas, particularly pharmaceuticals and industrial electronics, have attracted overseas investment but the heavy capital goods sector has been almost completely neglected. Apart from anything else, the Japanese authorities may be using their considerable powers of persuasion to tempt domestic institutions into the debt markets where they are having difficulty funding a budget deficit of about $65bn.

Foseco Minsep

Foseco Minsep's reputation as a company that could ride out recessions has been torn to shreds by the current slump in the U.S. economy. Mainly as a result of the 35 per cent drop in American steel producti this year, pre-tax profits for half year to June have fa from £11.4m to £9.3m, and board can see no prospects major improvements. shares responded to this fur gust of gloom from acros Atlantic by falling 20p to 1 about 19 per cent below year's rights issue price, wh a third of shareholders had clairvoyance to resist.

The rights issue was desig to help cash in on the expe increase in world steel dem in the next decade, but, for time being at least, Foseco f itself cutting back ins About 30 per cent of its w force in steel-related activ in the U.S. has been s already, and the rationalis continues.

With July and August bi ing even bleaker news f North America, there is l hope that Foseco can do than double up on first profits in the current months, even with the redu interest charges arising f the rights issue. To main last year's earnings per s of 16.6p fully taxed, it w have needed to make a £29m pre-tax. The one con for shareholders, from the fact that they are backing a comfortably ge company; is that Foseco itself given every sign of inten to maintain its dividend. yield is 6.9 per cent.

Last week's poor figures suggested that Br companies are finding it h to pick up the marginal volume that they desper need, exporting uphill fr strong-currency base deteriorating overseas mar The present threat to em ment from this effect argues for a more rel attitude to interest rates sterling.

The gilt-edged market become somewhat uneasy further cuts in rates money supply figures, a rather frisky i nbanking Au turn out to have misbeh again in the month to September. The questio whether deflationary press will be perceived to be enough to justify taking with the quantity of money the moment the only evide of velocity is the fast-fal Chancellor, with boasts inflation at 6½ per cent Christmas. That is roughly points below both long yields and the annualised of increase of sterling M3 the present target period.

Weather

UK TODAY

RAIN, heavy at times, with gale force winds in places.

London, SE England, E Anglia
Cloudy, occasional rain later. Max. 17C (63F).

NE Scotland, Orkney and Shetland
Showers. Brighter later, followed by more rain. Windy. Max. 13C (55F).

Rest of UK
Heavy rain spreading from South. Clearer but showery later. Windy. Max. 16C (61F).

Outlook: Showers, becoming mostly dry in South.

WORLDWIDE

		Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	24	75	L. Ang.†	C	17	63
Algiers	F	27	81	Lxmbg.	S	16	61
Amsdm.	S	17	63	Luxor		—	—
Athens	S	28	82	Madrid	S	18	64
Bahrain	S	33	91	Majorca	F	25	77
Barclna.	S	24	75	Malaga	F	24	75
Beirut		—	—	Malta	S	27	81
Belfast	R	10	50	M'chstr.	C	15	59
Belgrd.	S	29	84	Melbne.		—	—
Berlin	F	18	66	Mx. C.†		—	—
Biarritz	S	22	72	Miami†	F	24	75
Bmghm.	R	15	59	Milan	S	24	75
Blackpl.	C	16	61	Montrl.†	R	14	57
Bordx.	F	19	66	Moscow	C	8	46
Boulgn.	R	15	59	Munich	F	15	67
Bristol	C	16	61	Nairobi	F	26	79
Brussels	S	17	63	Naples	S	28	82
Budpst.	S	24	75	Nassau		—	—
Cairo	F	30	86	Nwcstl.	R	12	54
Cardiff	R	15	59	N. York†		—	—
Cas'b'ca	S	22	72	Nice	S	23	73
Cape T.	F	19	66	Nicosia	S	27	81
Chicg.†	S	8	46	Oporto	R	15	59
Cologne	S	19	66	Oslo	F	16	61
Cpnhgn.	S	16	61	Paris	F	18	66
Corfu	S	29	84	Perth		—	—
Denver†	F	15	59	Prague	F	15	59
Dublin	R	9	49	Reykjvk.	S	7	45
Dbrvnk.	S	27	81	Rhodes	S	28	82
Ednbgh.	C	13	55	Rio J'o†		—	—
Faro	S	24	75	Rome	F	27	81
Florence	C	25	77	Salzbrg.	C	14	57
Frankft.	S	17	63	S F'cisc†	F	13	55
Funchal	S	22	72	S. Moritz		—	—
Geneva	S	16	61	Singapr.	F	32	90
Gibraltar	S	23	73	Santiago†		—	—
Glasgow	R	12	54	Stckhm.	C	13	55
Guernsey	F	15	59	Strasbg.	S	19	66
Helsinki	S	13	55	Sydney		—	—
H. Kong	F	28	82	Tangier	S	24	75
Innsbrk.	S	17	63	Tel Aviv	S	28	82
Invrnss.	F	14	57	Tenerife	S	22	72
I.o.Man	R	11	52	Tokyo	S	30	86
Istanbul	S	23	73	T'ronto†	R	13	55
Jersey	F	15	59	Tunis	S	28	82
Jo'burg	S	25	77	Valencia	S	24	75
L. Plms.	S	23	73	Venice	F	24	75
Lisbon	C	20	68	Vienna	F	19	66
Locarno	F	19	66	Warsaw	C	18	64
London	R	15	59	Zurich	F	16	61

C—Cloudy. F—Fair. R—Rain. S—Sunny.
† Noon GMT temperatures.

Major coal find in N. Ireland

BY RAY DAFTER

EXTENSIVE low-grade coal deposits have been discovered in Northern Ireland.

Burnett and Hallamshire, a Sheffield-based open-cast mining, oil and property group, said yesterday it had proved the existence of at least 100m tonnes of lignite at Crumlin, on the eastern shores of Loch Neagh. It hoped to begin strip-mining the "brown coal" next year.

Initial capital investment in the project is likely to be at least £10m, Mr George Helsby, chairman and chief executive, said.

Discussions have started with potential buyers including the Northern Ireland Electricity Service.

"We are interested in using lignite for power generation. It could be an interesting supplement to our fuel supplies although it could not make us independent from other sources of energy," the electricity utility said last night.

About 80 per cent of Northern Ireland's generating capacity is fuelled by imported oil, though the Electricity Service also uses between 500,000 and 600,000 tonnes a year of hard steam coal, bought mainly from the National Coal Board and shipped from Britain. Overall, with the exception of peat, Northern Ireland is almost wholly dependent on outside supplies of energy sources.

The Northern Ireland Department of Economic Development said consultants were providing expert advice on possible uses for the lignite to "ensure this resource is developed to the optimum benefit of the community."

Burnett and Hallamshire is applying for planning permission and mining leases on the two square miles of rural land containing the lignite deposits.

Continued from Page 1

Shares fall

taken by its leadership's desertion of Herr Schmidt's Social Democrats, in the Left-Centre coalition, on September 17.

There was still uncertainty yesterday over the plans of the Christian Democrats' sister party in Bavaria, the Christian Social Union, and there were dropping strong hints that the Free Democrats might not be worth the wooing.

Herr Franz Josef Strauss, the Christian Social Union leader, called his party executive yesterday to a meeting in Munich which went on for so long that planned talks between the Christian Democrats, Christian Social Unionists, and Free Democrats.

Continued from Page 1

Foot plan endorsed

sought to gain moral authority for the action by stressing that it was not a witch hunt.

There were some bitter exchanges as Mr Martin Flannery, the left-wing MP for Sheffield Hillsborough, accused the leadership of dividing the party and of beginning an attack on the left and its policies.

In contrast Mr John Spellar, of the electricians' union and the prospective Labour candidate in the Northfield by-election in Birmingham, said: "Militant was killing us with the electorate and allowing Mrs Thatcher to get away with murder. The electorate would not trust us unless we rid ourselves of this alien body."

He was booed by part of the hall.

At a Press conference after the decision Mr Peter Taafe, the editor of Militant newspaper, said they would consider applying to join the register but had not made a final decision. Militant would be willing to talk with the Labour executive but it was not willing to close the newspaper, compromise on its views, or sack any of its organisers.

Continued from Page 1

Gas price agreement

Algeria in much higher capital costs. In the Italian case the gas will flow directly via a $3bn (£1.76bn) pipeline, which will eventually be 1,500 miles long.

The 1977 agreement with Italy provided for the supply of 4bn cubic metres of gas in 1983, rising to 12bn by 1986, at a price at the Algerian border of $3.50 per million BTUs. However, when the pipeline was ready to carry the first gas in autumn, 1980, Algeria asked for $5.50.

The difference over price was subsequently narrowed and negotiations were taken over by the Governments from their respective energy agencies. Snam is understood to believe that a price of about $4 is the highest possible economic price for the gas.

The conclusion of an agreement with Algeria may make it easier for Italy to finalise an agreement with the Soviet Union for the supply of gas via the new Siberian pipeline. Snam signed a technical agreement with its Soviet counterpart in January this year to take 8bn cubic metres of gas from 1985 at a price of $4.75.